

2007 Annual Approved Budget Mayor

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Mayor Herb Bergson's Budget Presentation to the Duluth City Council September 7, 2006

President Reinert and City Councilors:

Through this address, I present the proposed 2007 budget of the City of Duluth.

It contains a proposed levy of \$11,824,400 and a General Fund operating budget of \$78,001,700. This represents an increase of \$2.99 million from one year ago and is based on the following assumptions.

The levy will rise 6.5 percent from one year ago, with two percent of the total levy increase coming from a capture of new revenue rather than from rate increases. This amount will go directly into the Street Improvement Program (SIP) for 2007. Because of aggressive street projects in the late 1990's and early 2000's, the net effect is that this money reduces the SIP subsidy.

The other portion of the increase, 4.5 percent, will go to operating expenses. It is safe to say that our staffing levels will be even more lean for 2007, as we try to separate the services our citizens want from the services they need. Despite the increase in levy amount, all city departments were directed to cut their status quo budgets by four percent for the purposes of this budget.

This budget is smaller in terms of full-time equivalents by 27 positions, all but one of which will be handled through attrition. This will mean cuts in all departments, including police and fire. Knowing of this council's reaction to potential cuts for a few weeks ago, you should realize this fact right now.

Unfortunately, we are no longer able to fund the Human Rights Office, with the loss of one position. The State of Minnesota's Department of Human Rights has also handled many of the claims processed by this office in the past. Mandatory functions will be absorbed internally, and this budgetary decision does not represent a decrease in our commitment to social justice in any respect.

I want to take this opportunity to thank our city staff for the tremendous job they do in a time of limited resources and great challenge. We will call upon them once again in 2007 to continue serving the public in their usual effective manner.

On the retiree health care issue:

We have demonstrated several methods of reducing these costs over the past year, including through the CDSA's new contract and through implementing the findings of our prescription drugs working group.

The problem remains: how do we address the shortfall we are expected to face down the road? The task force recommended large increases to property taxes and utility rates for the next four years. Clearly, those options are not comfortable ones for you to endorse.

I submit an alternative to you this evening.

We will go back to Saint Paul next year for legislative approval to place money dedicated to reducing our retiree health care liability into a trust fund using state investments. The Legislature's failure to pass this bill in the 2006 session was not helpful, but we intend to rectify that in 2007. Because all cities will need this legislation, we expect nearly unanimous support.

The passage of this bill will allow us to implement the following plan:

In 2007, I propose that the City of Duluth move \$10,000,000 from the Community Investment Trust into a special OPEB trust, also backed by the following sources of revenue:

Tax Increment Financing Districts 2 and 4, which cover the central part of Duluth, are scheduled to sunset in 2009. Presently, the City's share of tax revenue that would be generated by these districts is approximately \$690,000 per year – 22 percent of the total district revenue. With construction of the new Park Inn and other projects taken into account, it is safe to say that beginning in 2010 the City's share of that money will rise to a conservative estimate of approximately \$800,000 per year.

With the addition our share of revenue from TIF district 3, which sunsets in 2007, we will have access to approximately \$1.1 million dollars per year, in round figures, beginning in budget year 2010. I propose assigning these funds to the OPEB trust instead of the General Fund.

Also, our health care fund balance is approximately \$6 million. I propose to move \$2 million of that balance into the trust in startup money. An annual deposit of \$500,000 of utility funds will also bolster the trust fund balance. This is just over twenty percent of the amount recommended by the Task Force.

State investments have a five-year average of over nine percent in interest and ten and twenty year averages beyond that figure. Assuming a more conservative interest rate of 7.5 percent combined with annual revenue sources I've recommended, the trust fund would help generate over \$240,000,000 in thirty years' time – funding a significant portion of our liability without devastating tax increases for Duluthians.

However, this plan does not lessen the responsibility of our employee bargaining units to be a significant part of the long-term solution.

The natural question arises as to how to "pay back" the Community Investment Trust. We will go to the Legislature to place our Community Investment Trust dollars into the same type of state investment trust to allow our existing fund to generate higher interest levels, replenishing their balances more quickly.

This proposal depends on continuing the pay as you go philosophy already adopted to help pay for the city's health care obligations.

I want to thank the following staff members and individuals for their help in formulating and presenting this plan: Interim Chief Administrative Officer John Hall; Finance Director Genie Stark; former Finance Director Todd Torvinen; Peg Spehar and Cherie Bushman of our Budget Office; Fleet Services Manager John Grandson; Twin Cities-based bond counsel Jim Dlugosch; Communications Manager Jeff Papas; Graphics Coordinator Steve Forslund, and other key staff for assisting as needed.

We must do anything we can to reduce the burden of the retiree health care liability for our taxpayers. Reducing the liability by such potentially large amounts over thirty years without a tax increase would be a significant start, and I urge your support for this plan.

I thank you for your attention and look forward to working with you on a budget which will serve our citizens and address some of the financial issues we face as a city.



CITY OF DULUTH ADMINISTRATIVE SERVICES DEPARTMENT INTER-DEPARTMENT CORRESPONDENCE

Members of the Duluth City Council City of Duluth, Minnesota

Dear Council Members:

The Administration's proposed 2007 Annual Operating and Capital Budget for the City of Duluth was submitted to the Council on September 7 for your consideration and approval. The recommended budget was submitted in accordance with the City's budget policies and the State of Minnesota Truth in Taxation Laws. It was intended to provide the Council with a comprehensive format for making decisions on funding sources and program expenditures.

The **Truth in Taxation Laws** require that the City pass a resolution by September 15 establishing a <u>maximum</u> proposed levy for 2007. Proposed levies are then assembled from all taxing jurisdictions in order to produce a "mock" tax statement to be mailed to property owners on or about November 10. Public hearings are established in each taxing jurisdictions' locality in order to receive input from the public on the proposed tax levy, as well as other budget items. The City's Truth in Taxation hearing was held on Monday, December 4 at 7:00 p.m. The Council could have continued the hearing to a later date if business was not completed on that evening. The budget and levy must be adopted at a meeting held after all hearings are closed. The final levy approved for 2007 could not be greater than that established in September, except in cases of voter referendum.

The budget was ultimately approved in late December and is herewith submitted to you. This transmittal letter will summarize the changes made to the proposed budget, as well as the key elements of the approved budget. Also provided will be information on the basic assumptions concerning major revenue and expenditure categories.

Following the presentation of the proposed budget, the Council held multiple finance committee hearings with city departments and agencies to discuss priorities. During the review period, the City Council along with the Mayor and the Administration worked steadfastly to craft a budget that reflected the community's priorities measured against available resources. Through those efforts, several citywide priorities were identified and funded for 2007:

* Complete labor negotiations - negotiations with the city's five bargaining units have been lengthy, with all contracts expiring at the end of 2006. The contract with the Supervisor's Association was approved recently, and will set the tone for the remaining bargaining units. The terms of that contract were used as the basis for developing the salary and benefit figures in the 2007 budget.

- * Address the city's long term retiree health insurance liability as outlined in the Mayor's Budget Presentation, the Administration, City Council, employees and the public will continue to work on addressing this financial issue. To implement GASB #45 which deals with Other Post Employment Benefits OPEB; the city will begin funding the annual required contribution to recognize the accrued liability of retiree health insurance amortized over a thirty year period. In proposing a combination of new investments, the creation of an irrevocable trust fund and concessions from current employees, the city hopes to have a solid plan in place by year's end. In the 2007 approved budget, a fund was created using money from a one time transfer from the Group Health Fund, and contributions from the city's utilities and grant programs. During the year, the Administration will work to identify additional contributions to the fund.
- * Implement new zoning code with the comprehensive land use plan now complete, the city will begin updating the current zoning code to a "form-based" code. A consulting firm will be hired to assist in this process. It is part of an ongoing priority identified by the Mayor and City Council to streamline development and planning in the city.
- * Keep Duluth a safe place to live our goal is to put officers back on the street, add community officers, and create a neighborhood impact team to work in partnership with residents, businesses, landlords and community groups to lower crime and increase the quality of life. We continue to struggle with adequate staffing in both the Police Department and the Fire Department. The departments experienced record numbers of retirements in 2006, and it has been a challenge keeping the departments fully staffed.
- * Create an Office of Environmental Sustainability using funding from the Energy Management Fund, the city will created this office to be responsible for coordinating all aspects of sustainability, energy management, eco-development and administering our Cities for Climate Protection Program. In 2006, the City of Duluth became an "eco-municipality" one of only ten cities in the United States. Our priority is to take care of our city's environment to preserve our natural resources and beauty.

Property Tax Levy Revenues

The city's initial proposed property tax levy was \$11,824,400 or 6.5% over the 2006 levy. The City Council increased that proposal by \$984,000; \$384,000 for additional police and fire positions and \$600,000 for the purposes of funding the retiree health care liability. The final proposed levy certified to the County was \$12,808,400 or 15.4% over 2006. Ultimately, the final approved levy was reduced to \$12,208,400 for a 10% increase over 2006. In addition, the City, on behalf of the special taxing districts of the Duluth Seaway Port Authority and the Duluth Transit Authority, approved levy amounts of \$932,200 and \$1,316,900 respectively. The total levy amount for all three entities is \$14,457,500.

The **City's levy** is \$1,106,300 more than last year. The breakdown of the net change is an increase of \$810,100 for general obligation debt; an additional \$46,800 for general operations of the city; \$222,300 more for support of the Neighborhood street improvement program and \$27,100 more for the permanent improvement fund.

The **Seaway Port Authority levy** will increase by the full amount allowed by law of .01813 percent of market value. This is \$156,800 higher than the 2006 levy.

The **Duluth Transit Authority levy** for the second year in a row is set at \$1,316,900. The full levy amount allowed by State law of .07253 percent of market value would total \$3,729,150 offset by \$1,373,700 in motor vehicle sales tax from the State and the debt service on transit bonds in the amount of \$157,800 for a total possible levy request of \$2,197,700. The increase could have amounted to \$880,800 over 2006. Instead the Duluth Transit Authority requested the levy remain the same as 2005 and 2006.

General Fund Revenue Assumptions

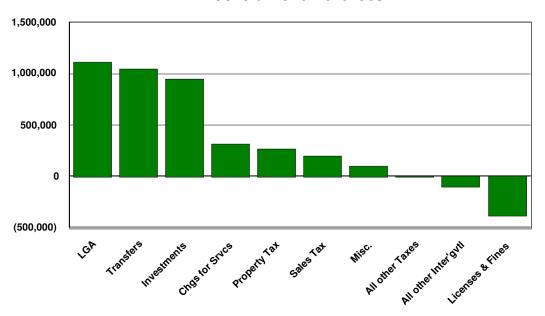
General fund revenues were originally proposed to total \$78,001,700. This amount was eventually increase by \$537,000 from a combination of increasing the property tax levy by \$384,000 to fund six additional public safety officers (three police and three fire); the addition \$115,000 from the federal government to assist in funding the Human Rights Office and an additional \$38,000 in license revenue based on recently adopted fees. The final approved 2007 General Fund budget of \$78,538,700 is \$3.53 million or 4.7% more than the 2006 approved budget. Major revenue sources which will impact the 2007 General Fund budget include local government aid, other intergovernmental aid and transfers from other funds, fines and fees, and earnings on investments.

The 2003 State Legislature reduced **local government aid** to cities across the state as part of the solution to the State's \$4 billion budget deficit. For Duluth, that meant a decrease of \$3.7 million over what had been certified for 2003. This reduction carried over into the 2004 local government aid allocation. For 2005 and beyond, the State Legislature enacted significant changes to the local government aid (LGA) program. The amount of dollars allocated to the program has been reduced and the Legislature also eliminated the automatic inflationary increase that had been in place since 1993. The greatest change to the program however was the adoption of a new formula which measures each city's expenditure need based on a number of statistical variables. Once a city's need is calculated, it is compared to a city's ability to pay or revenue raising capacity. Cities that have spending needs that exceed their ability to pay receive a share of the LGA distribution. This figure is then compared to ten percent of a city's prior year property tax levy, with the final certified aid amount being the lesser of the two. For Duluth, property tax aid was less than the formula aid, resulting in an increase of \$1.112 million for a total of \$27.84 million.

Other intergovernmental aid will decrease \$94,000 due principally to the elimination of a reimbursement for police services from the Housing and Redevelopment Authority. City **sales tax** revenues are projected to increase by 1.8% over 2006, for an increase of \$200,000. **Earnings on investments** are projected to increase by \$950,000 over 2006 budget due to the upward trend in interest rates.

The following graph illustrates the changes in major revenue sources of the General Fund.

Changes in 2007 versus 2006 Budgeted Revenues General Fund Revenues



	2006 Budget	2007 Budget	Difference
Local Government Aid Transfers from Other Funds	26,728,600 3,746,500	27,840,200 4,790,000	1,111,600 1,043,500
Earnings on Investments	1,500,000	2,450,000	950,000
Charges for Services Property Tax – Current &	6,572,200 6,917,200	6,889,100 7,186,300	316,900 269,100
Dingnt City Sales Tax	11,200,000	11.400.000	200.000
Miscellaneous	2,293,700	2,396,300	102,600
All Other Taxes All Other Intergovernmental	1,960,500 11,730,600	1,965,000 11,636,600	4,500 (94,000)
Licenses and Fines	2,360,100	1,985,200	(374,900)
TOTAL REVENUES	\$75,009,400	\$78,538,700	\$3,529,300

Fund Balance

The City has a fiscal policy of maintaining a minimum of five percent (5%) of General Fund expenditures as an **unreserved**, **undesignated fund balance**, a moderate scenario of seven percent (7%) and an optimum level of ten percent (10%). Based upon the 2007 General Fund budget of \$78,538,700 the minimum level (5%) would require a fund balance of \$3.9 million. The beginning undesignated, unreserved fund balance for the General Fund on January 1, 2006 was \$3,338,000 or 4.25%. It is the goal of the City to realize the minimum fund balance level by the end of 2007, with the intent to continue to build toward the goal of a (10%) fund balance level.

General Fund Expense Budget - Proposed versus Approved

As was the case with General Fund revenues, the expense budget was originally proposed to total \$78,001,700, increased to \$78,985,700 by the City Council, and ultimately reduced to \$78,538,700. The proposed budget was increased by \$384,000 to fund six public safety positions and \$600,000 for the retiree health insurance liability. From that, the City Council and Administration restored the Human Rights Office at a cost of \$153,000. The \$600,000 increase was eliminated after the final budget was approved by a line item veto of the Mayor.

General Fund Expense Budget - 2006 Approved versus 2007 Approved

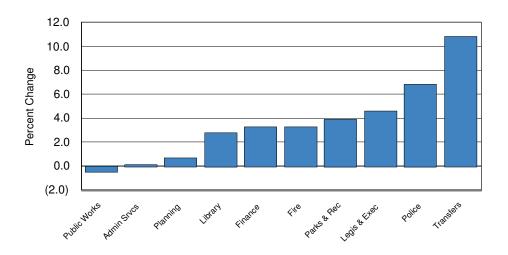
The 2007 approved budget increased 4.7 percent over 2006 or \$3,529,300. Negotiated union contracts with one of the City's five bargaining units was approved in late 2006. This agreement yielded salary increases of 1% for 2007; 3% for 2008; and 3% for 2009. The 2007 salary budget assumed all other bargaining units would follow suit. The impact on the 2007 salary budget coupled with a net loss of 3.8 FTE's amounts to a **total salary increase of \$435,100**. Along with salary improvements, benefits were impacted through negotiations and in new state legislation in the area of retirement benefits. The impact of these changes resulted in an **increase of \$852,800 in benefit costs**.

Departmental operating expenses increased \$650,000 over 2006, with the largest single increase of \$450,000 for motor fuel expenses, followed by \$200,000 more for utilities.

There is an **increase of \$1.58 million in Transfers and Other Functions**. There is a continuation of the funding **for the Business Improvement District** for a total of \$500,000 for the program - \$200,000 from city resources and \$300,000 from assessments. The BID is a program developed by downtown businesses which will fund improvements and enhancements, and marketing of the downtown. Another continuing initiative is the Mayor's **E-City project in the amount of \$30,000**. This will be used to provide the City's free "internet hot zones" particularly in the downtown/Canal Park areas. The balance of the increase in this department is made of up an additional **\$557,000 in Retiree Health Insurance and \$1,021,300 for the Street Improvement Program.**

The following graph illustrates the changes in expenses by department in the General Fund.

Percent Change in 2006 vs 2007 Department Expenses **General Fund Departments**



	2006	2006 2007		nce
	Budget	Budget	Dollars	Percent
Public Works	9,628,600	9,590,400	(38,200)	(0.4)
Administrative Services	7,522,200	7,532,200	10,000	`0.1
Planning and Development	586,400	590,400	4,000	0.7
Library	4,047,000	4,159,900	112,900	2.8
Finance Department	2,793,200	2,884,000	90,800	3.3
Fire Department	16,017,800	16,543,800	526,000	3.3
Parks and Recreation	2,554,600	2,654,600	100,000	3.9
Legislative and Executive	2,218,400	2,321,400	103,000	4.6
Police Department	15,070,800	16,108,800	1,038,000	6.9
Transfers	14,570,400	16,153,200	1,582,800	10.9
TOTAL EXPENDITURES	\$75,009,400	\$78,538,700	\$3,529,300	4.7

<u>Special Revenue Funds</u>
These funds account for special purpose functions and are restricted in their application. All of these funds have dedicated revenues and provide accounting for special purposes. They include the funds of Municipal State Aid, Community Investment Trust, Economic Development, Special (Tourism) Sales Tax, Community Development, Job Training, Job Service, Senior Employment, Senior Nutrition, and Community Resource Programs and the new fund of Other Post Employment Benefits - OPEB. The new fund's purpose is to accumulate resources to be deposited into an irrevocable trust fund for retiree health care costs. The revenues in the fund represent those estimates that have been put into place at the time the budget was approved, including contributions from the enterprise funds and grant funds which have employees. There is also a one time transfer from the Group Health Fund in the amount of \$1.5 million. With the Mayor's veto of the \$600,000 property tax increase to cover the General Fund's share, the City will fund this amount from savings or reductions anticipated during the year.

The **Tourism Tax Fund** provides the accounting for the revenue generated by the four different tourism taxes. Revenues are projected to increase by 7.3% or \$386,000 over the 2006 budget due to local trends. Funding will increase to Visit Duluth by \$99,200 based on projected revenue and the allocation method approved in the latest contract between the City and the agency. The allocation to the Duluth Entertainment Convention Center (DECC), as based on statutory requirements will increase by \$100,700. The Great Lakes Aquarium will once again receive an operating subsidy from tourism taxes in the amount of \$200,000 for an increase of \$29,200 over 2006. Debt service payments totaling \$1,812,400 funded by the tourism tax fund goes toward DECC improvements, Lake Superior Center, Spirit Mountain and Bayfront. The transfer to the General Fund will increase \$42,500 for a total of \$1,074,000.

Debt Service Funds

These funds account for the payment of long-term principal and interest on the City's bonded debt. The total estimated gross bonded debt carried by the City in 2006 will be \$147,968,488. The property tax levy for debt service will increase in 2006 from \$3,532,100 to \$4,342,200. The only property tax supported bond issues proposed for 2007 are for capital equipment and improvements and the 2007 Street Improvement Program.

Capital Project Funds

The Capital Project Funds account for the Street Improvement Program, Special Assessment and Permanent Improvement Projects, and the Capital Improvement Fund. The Street Improvement Fund was created in 1994 to account for the revenues and expenditures of the 25-year Street Rehabilitation Program. The fund will be financed through interest on the Community Investment Fund (where proceeds from the Casino Agreement are deposited), assessments against benefitting properties, and the increase in tax levy due to new construction. The budget includes a \$3,212,800 expenditure in 2007.

Enterprise Funds

Enterprise Funds account for the expenditures of the municipal utilities of Water, Gas, Sewer, Stormwater and the Golf Division of the Parks and Recreation Department. Utility rate increase were approved in late 2006 based on two factors. All utilities increased their rates to cover their portion of the annual required contribution for retiree health care liability. These increases amounted to 7.5% for Water; 1.8% for Gas; 3.7% for Sewer; and 6.7% for Stormwater. In addition, increases in rates of 9.8%, 6.3% and 31.9% for the Water, Gas and Stormwater utilities respectively were approved for increases in operating expenses. It is estimated the total impact on the average resident customer of all four utilities would total \$13 per month.

The golf operation is proposing a new user fee rate structure for 2007. This coupled with operational changes, a continuing management contract for the two courses, and a restructuring of the debt in 2005, the city is making the golf operations more profitable. It is intended to ensure the golf fund continues without a subsidy from the General Fund in order to maintain the current level of operations. The subsidy has declined steadily over the past few years, from its highest recent level of \$189,000 to \$50,000 in 2001, no subsidy in 2002; \$147,600 subsidy in 2003; with no subsidy budgeted in 2004 through 2007.

Internal Service Funds

These funds account for services provided to other departments within the City. They include the Self Insurance Funds, the Medical and Dental Health Funds, and the Fleet Services Fund.

The Self Insurance Funds (property, liability, and worker's compensation) and the Medical and Dental Health Funds provide claims funding and are dependent upon participants to generate revenues. All health care premium rates will be determined by a calculation structure in accordance with the Group Health Plan Administrator and contractual arrangements with collective bargaining units.

The Fleet Services Fund is divided into two functions. First is the operational component, which accounts for the cost to maintain the city's vehicles and other equipment. The other function of the Fleet Services Fund is to manage the City's capital expenditures for rolling stock.

Comprehensive Capital Budget and Plan

One of the City's ongoing priorities is to develop a five-year capital improvement plan, leading to a comprehensive proposal for the 2007 budget. The objective of this project is threefold: to provide short and long-range capital planning; to coordinate capital planning efforts among all city departments; and to respond to bond rating agency recommendations to implement a comprehensive planning process. The five-year plan is produced under separate cover and is available from the City's Budget Office.

Achievements

The Government Finance Officers Association of the United States and Canada (GFOA) presented an Award for Distinguished Budget Presentation to the City of Duluth, Minnesota, for its annual budget beginning January 1, 2006.

The Award for Distinguished Budget Presentation is the highest form of recognition in government budgeting, and its attainment represents a significant accomplishment by a government and its management. The Award is valid for a period of one year only. We believe the 2007 budget continues to conform to the Award for Distinguished Budget Presentation program requirements, and we are submitting it to the GFOA to determine its eligibility for another award.

The Award only reinforces the dedicated effort on the part of the managers and staff to develop a budget which meets the needs of administrators, elected officials, and the public. Each person who has contributed to this process has our sincere appreciation.

Sincerely,

Peg Spehar, Manager

Budget and Operations Analysis

BUDGET PROCESS

The budget process employed in the development of the City of Duluth's Annual Budget document involves numerous city staff at all levels, requiring varying amounts of time and effort over a five month period, beginning in May and ending on the first Thursday in September. It is at that time, that the Mayor's proposed budget is presented to the City Council. The City Council's finance committee, as well as the Council as a whole, hold budget meetings and hearings with the City's departments and authorities. All meetings are open to the public and the media. Formal adoption of the budget is January of each year, with the City's fiscal year coinciding with the calendar year.

The City supplemented its budget process with a Council initiated process of budget priority setting, beginning in April. The purpose was three-fold:

- 1. The Council can establish meaningful dialogue with the Administration early in the budget development process, rather than trying to engineer changes after the budget is prepared.
- 2. The Council could develop a shared process of establishing community goals, objectives and priorities.
- 3. By putting more effort into the front end of budget development, the budget review process could be streamlined.

The development of the city's budget can be categorized into five phases - Guidelines, Departmental, Administrative Review, Budget Preparation, and Review Approval.

Guidelines Phase

In the beginning of May, during the guidelines phase, broad budgetary guidelines are developed by the Administration and the Department of Administrative Services, based on a set of assumptions and different scenarios. The Administration sets goals, and allowable limits in the areas of programs, staffing, and operating expenses. The Administrative Services Department submits information relative to the probable revenue base. Target budgets for each operation are established based on what the Administration, the Mayor, and the City Council have expressed as priorities and budget goals.

Departmental Phase

Once targets are set, the guidelines are submitted to department management personnel, as well as instructions and budget preparation packets. During this phase, department managers develop programs, staffing, operations, and capital requests within the guidelines of the target budget. All forms are then submitted to the budget office, which in turn completes all preliminary calculations and compiles the first rough draft of the budget.

BUDGET PROCESS

Administrative Review Phase

The Administrations's review process begins during the month of July. During that time, meetings are held with the Mayor, the Administrative Assistant, budget staff, and the department directors. Discussions center around specific program requirements, priorities in terms of definite need, and the effectiveness of existing programs, as well as proposed new programs. Consideration is given to the priorities established by the City Council. Departmental revenue estimates are analyzed, when new or expanded revenue sources are analyzed. Those programs that are expected to be fully or partially self-supporting, are examined to ensure they in fact hold such status. Upon completion of all such meetings, a second draft of the budget is compiled and presented to the Administration for final approval.

Budget Preparation Phase

Upon administrative approval, the budget document preparation process moves into its final phase whereby the actual document is created. Summaries, graphs, analysis, and narratives are prepared by the budget staff during the first three weeks of August. The Mayor's Proposed Annual Budget is copied and bound in-house.

Budget Review and Approval Phase

Once the Mayor has presented the budget to the City Council, a review process occurs over the next three months. The format for the review is at the Council's discretion. In the past, summaries of departmental budget requests have been prepared and submitted to the Council to serve as discussion points during the review.

The Council must conduct a public hearing on the budget and property tax levy during the first week of December. At a subsequent meeting, the City Council adopts the budget and levy for the coming year.

BUDGET AMENDMENT PROCESS

From time to time throughout the year, the Council approved budget is amended by one of the following three methods.

By passage of an Ordinance of the City Council to reflect major program modifications or recognition and utilization of new revenues.
By City Council resolution to accept grants or revenues not originally anticipated, and which do not require an ordinance as outlined by the City Charter.
By the Mayor, the Administrative Assistant, or his designee, who may make transfers among major expenditure appropriations, when considered necessary for the proper administration of city government, in an amount not to exceed ten percent (10%) of such appropriations.

BUDGET SUMMARY

INTRODUCTION

This budget summary section is intended to provide the reader with a more summarized view of the City's major operations and funds. Specifically, the Summary Section includes the following:

- Comprehensive Detail of Financial Policies
- Total City of Duluth Budget

Summary

Revenue Comparison

Expenditure Comparison

Detail by Fund

- Major Revenue Source Analysis
- City Organization Chart
- Citywide Personnel Summaries

FINANCIAL POLICIES

This section begins by highlighting the financial management policies which guided the City in formulating the 2007 Operating and Capital Budget. A statement of policies is imperative so that all parties begin the review of the annual operating budget with the same underlying assumptions.

The majority of these policies represent long-standing principles and practices which operate independently of changing circumstances and conditions. Even so, all policies are reviewed annually by the Administration and staff to determine the continued appropriateness and completeness of all stated policies.

Operating Budget Policies

- 1. The budget process will facilitate input from the Administration, city staff, elected officials, and citizens alike by providing budgetary information in a meaningful, useful format within a timely fashion.
- 2. The City will avoid budgetary practices or procedures that balance current period expenditures at the expense of future year's resources, such as the postponement of expenditures, accruing future year's revenues in the current period, or rolling over short-term debt.
- 3. Each year the City will prepare revenue and expenditure projections for at least the next three years. Projections will include estimated operating costs, capital acquisition costs, and revenues required to fund these expenses.

- 4. The City will develop and maintain accounting and budgetary control systems to adequately safeguard the assets held in public trust.
- 5. The Administration will prepare, or cause to be prepared, all financial reports on a regular basis, comparing actual results of operations to budget or plans.
- 6. The budget will provide for the adequate maintenance of capital facilities and equipment, and for their orderly replacement.
- 7. The budget will provide for adequate levels of funding for all retirement systems.

Revenue Policies

- 1. The City will make every attempt to maintain a diversified and stable revenue base to shelter it from short- or long-term fluctuations in any one revenue source.
- 2. The City will project its annual revenues by an objective and thorough analytical process.
- 3. The City will maintain sound appraisal procedures and practices to reflect current property values. Reassessments will be made of all property at least every four years.
- 4. The City will establish user charges and set fees for services for each of its enterprise funds, at a level that fully supports the total direct and indirect costs of the activities. Indirect costs include the recognition of annualized depreciation of capital assets. Cash flow requirements to adequately defray bond retirement and capital outlay will become a primary determinant in the development of user charges.
- 5. The City will calculate the full costs of activities supported either directly or in part by user fees to identify the impact of inflation or other cost increases, and accordingly will recommend revised user fees for council review and approval.
- 6. The City will maintain a comprehensive list of all sources of revenues. Schedules and formulas will be reviewed and updated at a minimum of every four years to assure continued appropriateness.

Capital Program Policies

- 1. The City will coordinate the development of the capital improvements program with the annual operating budget. Future operating costs associated with new capital improvements will be projected and included in the operating budget forecasts.
- 2. The City will develop a multi-year plan for capital improvements, with proposed funding sources, and update it annually. All capital improvements will be reviewed in the context of the capital improvement program.
- 3. The City will project its equipment replacement and maintenance needs on a multi-year basis, and will update this projection each year. From this projection a maintenance and replacement schedule will be developed and submitted for administrative review.
- 4. The City will attempt to maintain all its assets at a level adequate to protect the City's capital investment and to minimize future maintenance and replacement costs.
- 5. The City will gather useful information pertaining to the condition of capital assets, use the data accumulated to identify capital and maintenance needs, and maintain current and accurate asset inventories.
- 6. The City will identify the estimated costs and potential funding sources for each capital project proposal before it is submitted to the city council for approval. The City will determine the least costly financing method for all new projects.

Debt Policies

- 1. The City will confine long-term borrowing to capital improvements, equipment or projects that are not appropriately financed from current revenues. Where the issuance of long term debt is required, the City will retire the debt within a period not to exceed the expected useful life of the improvement, equipment or project.
- 2. The City will attempt to keep the average maturity of general obligation bonds at or below 20 years.

- 3. When possible, the City will use special assessment, revenue, tax increment or other self-supporting bonds instead of general obligation bonds.
- 4. The City will not incur long-term debt to support current operations.
- 5. The City will retire any Tax Anticipation Certificates on Indebtedness within the year for which they were issued.
- 6. The City will maintain a sound relationship with bond rating agencies, and will keep them informed about current financial conditions. The City will continue the practice of full disclosure, as it pertains to all financial reports and bond prospectus.

Reserve Policy

- 1. The City will make every attempt to maintain the Undesignated-Unreserved General Fund balance in an amount equal to five percent (5%) of the total operating budget at a minimum, seven percent (7%) for a moderate scenario, and ten percent (10%) as an optimum.
- 2. Any monies realized in the Undesignated-Unreserved General Fund balance over ten percent (10%) will be committed to capital improvements as identified in the Five Year Capital Plan and will be considered a one-time source of financing for these projects.

Investment Policies

- 1. The City will make a cash-flow analysis of all funds on a regular basis. Disbursement, collection, and deposit of all funds will be scheduled to insure maximum investment capabilities.
- 2. When permitted by law, the City will pool cash from several different funds for investment purposes to maximize potential earnings.
- 3. The City will analyze market conditions and potential investments to maximize its yield, while maintaining the integrity and safety of the principal.
- 4. The City will provide regular information concerning cash position and investment performance to the City Council.

Accounting Policies

1. The City's accounting system will be organized and operated on a "fund basis". Each fund (or account group) is a distinct self-balancing accounting entity.

The various fund types maintained by the City can be classified into fund categories as follows:

Fund Category Fund Type

Governmental General

Special Revenue Debt Service Capital Projects

Proprietary Enterprise

Internal Service

Fiduciary Trust and Agency

2. The City's governmental funds and expendable trust funds will be maintained and reported on the modified accrual basis of accounting, whereby revenues are recognized when measurable and available, and expenditures are recognized when the related liability is incurred. The proprietary funds are to be accounted for using the accrual basis of accounting, recognizing revenues when earned and expenses when incurred.

Budgetary Basis

The budgets of general government type funds (general, special revenue, debt service, capital projects, and special assessment) are prepared on a modified accrual basis. Briefly, this means that obligations of the City (for example outstanding purchase orders) are budgeted as expenses, but revenues are recognized only when they are actually received.

The enterprise funds (water, gas, sewer, stormwater, and golf) on the other hand, are budgeted on a full accrual basis. Not only are expenditures recognized when a commitment is made (e.g. through a purchase order), but revenues are also recognized when they are obligated to the City (for example, water user fees are recognized as revenue when a bill is produced).

Legal Requirements

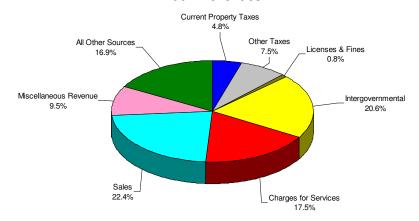
The Home Rule Charter of the City of Duluth charges the Administrative Assistant (Chief Administrative Officer) to the Mayor with the responsibility of preparing the Annual Operating and Capital Budgets, supervising the execution of budget ordinances, and reporting the current status of the City's financial affairs to the interested parties. By no later than September 15 of this year, the Mayor must submit a proposed Operating and Capital Budget to the City Council for its consideration and approval. Upon adoption through the passage of tax levy and budget ordinances, the budget becomes the formal approved budget for the ensuing calendar year.

The Truth in Taxation Guidelines provided by the State's Department of Revenue as prescribed by Minnesota State Statues, require that the City Council adopt a resolution of intent and certify the City's Proposed Tax Levy and Budget to the St. Louis County Auditor by September 15 of this year. The City is obligated to notify the taxpayers of a public budget hearing, which is held in the month of December, to discuss the proposed levy and budget. Upon formal adoption, the City Council must certify the actual 2007 Tax Levy and Budget to the County Auditor on or before five business days after December 20, 2006. Any amendments to the proposed budget, which would require a change in the amount to be levied, are required to be made prior to this deadline. However, current "Truth in Taxation" law states that the amount may only be decreased, not increased.

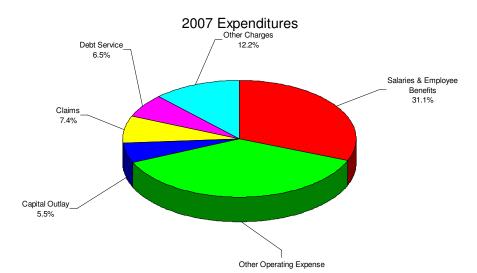
The Budget Ordinance approved by the City Council establishes appropriations, which become the legal budgetary limitation for the following year. This ordinance gives the Finance Director specific authority to increase budgetary items upon receipt of state or federal grants, as accepted by Council resolution. It also gives the Administrative Assistant or a designee, authority to increase budgetary items upon receipt of monies for reimbursement of damages, repairs, or work performed for others not anticipated in the original budget. This ordinance also gives authority to the Mayor, Administrative Assistant or a designee to make transfers among major expenditure appropriations, which are considered necessary for proper administration of city government. Transfers cannot exceed ten percent (10%) of the major expenditure budget appropriations.

TOTAL APPROVED CITY OF DULUTH BUDGET

2007 Revenues



DEVENUES.	2005 Actual	2006 Approved	2007 Approved	Difference 2006/2007	Percent Change
REVENUES:					
Current Property Taxes	9,495,600	11,102,100	12,208,400	1,106,300	10.0
Other Taxes	17,916,176	18,468,200	19,058,000	589,800	3.2
Licenses & Fines	1,839,403	2,360,100	1,985,200	(374,900)	(15.9)
Intergovernmental	52,270,318	57,937,500	52,136,400	(5,801,100)	(10.0)
Charges for Services	39,232,918	40,502,200	44,307,300	3,805,100	9.4
Sales	54,456,252	52,646,800	56,710,400	4,063,600	7.7
Miscellaneous Revenue	19,329,919	17,704,500	24,028,600	6,324,100	35.7
All Other Sources	45,869,119	38,980,600	42,854,500	3,873,900	9.9
TOTAL REVENUES	240,409,705	239,702,000	253,288,800	13,586,800	5.7



EXPENDITURES	2005 Actual	2006 Approved	2007 Approved	Difference 2006/2007	Percent Change
Salaries & Employee Benefits	66,399,395	71,499,200	76,669,200	5,170,000	7.2
Other Operating Expense	86,560,600	87,337,500	92,104,300	4,766,800	5.5
Capital Outlay	19,291,879	18,825,300	13,459,200	(5,366,100)	(28.5)
Claims	16,083,087	17,418,100	18,335,800	917,700	5.3
Debt Service	27.831.579	15,060,700	15,958,500	897.800	6.0
Other Charges	18,898,658	22,635,900	30,194,400	7,558,500	33.4
TOTAL EXPENDITURES	235,065,198	232,776,700 20	246,721,400	13,944,700	6.0

TOTAL APPROVED CITY OF DULUTH 2007 BUDGET

	2005	2006	2007	Difference	Percent
REVENUE COMPARISON	Actual	Budget	Budget	2006/2007	Change
CURRENT PROPERTY TAXES	F 7F7 077	0.047.000	7 400 000	000 100	0.0
General Fund	5,757,377	6,917,200	7,186,300	269,100	3.9
Debt Service Funds Capital Project Funds	3,454,409 283,814	3,689,900 495,000	4,500,000 522,100	810,100 27,100	22.0 5.5
Total Current Property Taxes	9,495,600	11,102,100	12,208,400	1,106,300	10.0
Total Gullent Toperty Taxes	3,433,000	11,102,100	12,200,400	1,100,300	10.0
OTHER TAXES					
General Fund	12,890,015	13,160,500	13,365,000	204,500	1.6
Special Revenue Funds	5,026,161	5,307,700	5,693,000	385,300	7.3
Total Other Taxes	17,916,176	18,468,200	19,058,000	589,800	3.2
LICENSES & FINES					
General Fund	1,839,403	2,360,100	1,985,200	(374,900)	(15.9)
Total Licenses and Fines	1,839,403	2,360,100	1,985,200	(374,900)	(15.9)
	,,	,,	,,	(- ,,	(/
INTERGOVERNMENTAL					
General Fund	37,118,980	38,459,200	39,476,800	1,017,600	2.6
Special Revenue Funds	8,637,379	9,122,500	7,408,300	(1,714,200)	(18.8)
Debt Service Funds	425,658	10.255.000	0	(F 104 F00)	0.0
Capital Project Funds Total Intergovernmental	5,937,886 52,119,903	10,355,800 57,937,500	5,251,300 52.136.400	(5,104,500)	(49.3)
rotai intergoverninentai	32,119,903	37,937,300	32,130,400	(3,001,100)	(10.0)
CHARGES FOR SERVICES					
General Fund	6,576,258	6,572,200	6,889,100	316,900	4.8
Enterprise Funds	29,598,699	30,817,000	34,008,200	3,191,200	10.4
Internal Service Funds	3,057,961	3,113,000	3,410,000	297,000	9.5
Total Charges for Services	39,232,918	40,502,200	44,307,300	3,805,100	9.4
SALES					
Enterprise Funds	54,456,252	52,646,800	56,710,400	4,063,600	7.7
Total Sales	54,456,252	52,646,800	56,710,400	4,063,600	7.7
	, ,	, ,	, ,	, ,	
MISCELLANEOUS REVENUE					
General Fund	3,854,514	3,793,700	4,846,300	1,052,600	27.7
Special Revenue Funds	9,243,605	10,824,200	15,740,200	4,916,000	45.4
Debt Service Funds	644,525	100,300	52,900	(47,400)	(47.3)
Capital Project Funds Internal Service Funds	2,631,585 2,955,690	191,300 2,795,000	561,100 2,828,100	369,800 33,100	193.3 1.2
Total Miscellaneous Revenue	19,329,919	17,704,500	24,028,600	6,324,100	35.7
Total Missolia Hoods Hoveride	10,020,010	17,704,000	24,020,000	0,024,100	00.7
ALL OTHER SOURCES					
General Fund	3,698,902	3,746,500	4,790,000	1,043,500	27.9
Debt Service Funds	16,449,092	11,776,200	13,512,400	1,736,200	14.7
Capital Project Funds	8,769,193	6,565,200	5,981,700	(583,500)	(8.9)
Enterprise Funds	1,983,192	709,600	765,900	56,300	7.9
Internal Service Funds	14,732,104	16,183,100	17,804,500	1,621,400	10.0
Total All Other Sources	45,632,483	38,980,600	42,854,500	3,873,900	9.9
TOTAL REVENUES	240,022,654	239,702,000	253,288,800	13,586,800	5.7

TOTAL APPROVED CITY OF DULUTH 2007 BUDGET

	2005	2006	2007	Difference	Percent
EXPENDITURE COMPARISON	Actual	Budget	Budget	2006/2007	Change
SALARIES & EMPLOYEE BENEFITS					
	47 000 040	E1 41E 000	E0 700 700	1 007 000	2.5
General Fund	47,633,349	51,415,800	52,703,700	1,287,900	2.5 62.6
Special Revenue Funds	2,420,764	2,117,200	3,442,600	1,325,400	
Enterprise Funds Internal Service Funds	14,480,019	16,027,700	18,619,900	2,592,200	16.2
-	1,865,263	1,938,500	1,903,000	(35,500)	(1.8) 7.2
Total Salaries & Employee Benefits	66,399,395	71,499,200	76,669,200	5,170,000	7.2
OTHER OPERATING EXPENSE					
General Fund	20,660,261	22,450,600	24,692,000	2,241,400	10.0
Special Revenue Funds	1,787,333	2,111,500	1,159,600	(951,900)	(45.1)
Enterprise Funds	61,647,455	60,712,700	63,843,900	3,131,200	` 5.2 [´]
Internal Service Funds	2,465,551	2,062,700	2,408,800	346,100	16.8
Total Other Operating Expense	86,560,600	87,337,500	92,104,300	4,766,800	5.5
CAPITAL OUTLAY					
General Fund	1,669,401	1,143,000	1,143,000	0	0.0
Capital Project Funds	17,622,478	17,607,300	12,316,200	(5,291,100)	(30.1)
Internal Service Funds	0	75,000	0	(75,000)	
Total Capital Outlay	19,291,879	18,825,300	13,459,200	(5,366,100)	(28.5)
CLAIMS					
Internal Service Funds	16,083,087	17,418,100	18,335,800	917,700	5.3
Total Claims	16,083,087	17,418,100	18,335,800	917,700	5.3
DEBT SERVICE					
Debt Service Funds	27,831,579	15,060,700	15,958,500	897,800	6.0
Total Debt Service	27,831,579	15,060,700	15,958,500	897,800	6.0
OTHER CHARGES					
Special Revenue Funds	13,900,184	17,428,900	22,719,900	5,291,000	30.4
Enterprise Funds	4,998,474	5,207,000	5,974,500	767,500	14.7
Internal Service Funds	, ,	, ,	1,500,000	1,500,000	
Total Other Charges	18,898,658	22,635,900	30,194,400	7,558,500	33.4
J					
TOTAL EXPENDITURES	235,065,198	232,776,700	246,721,400	13,944,700	6.0

TOTAL APPROVED CITY OF DULUTH 2007 BUDGET

	Estimated			
DETAIL BY FUND	Beg. Balance	Revenues	Expenditures	Balance
GENERAL FUND	3,338,224	78,538,700	78,538,700	3,338,224
SPECIAL REVENUE FUNDS:				
Special Projects	331,528	522,400	772,500	81,428
Police Grants	141,898	140,000	140,000	141,898
Capital Equipment	935,977	1,950,000	1,950,000	935,977
Economic Development	91,286	33,200	38,500	85,986
Community Investment Trust	57,291,244	8,973,000	6,748,000	59,516,244
Energy Management	266,033	125,000	203,700	187,333
Special City Excise and Sales Tax	193,576	5,693,000	5,693,000	193,576
Home Program	0	810,000	810,000	0
Community Development	33,548	3,023,500	3,023,500	33,548
Community Development Administration Fund Workforce Investment Act	0 464,897	688,800	688,800	02 207
Senior Programs	464,697	1,894,800 280,900	2,266,300	93,397 0
Senior Programs Senior Nutrition	0	554,200	280,900 554,200	0
OPEB	0	4,152,700	4,152,700	0
TOTAL SPECIAL REVENUE FUNDS:	59,749,987	28,841,500	27,322,100	61,269,387
DEDT OF DAYING FLANDS				
DEBT SERVICE FUNDS:	2,110,205	4 040 000	3,943,700	0.000.705
General Obligation Debt Service - Tax Levy General Obligation Debt Service - Other Source	, ,	4,642,200 4,839,000	4,682,200	2,808,705 1,463,327
Special Assessment Debt Service	14,001	1,600,200	1,749,700	(135,499)
Street Improvement Debt Service	8,498,643	6,826,100	5,434,900	9,889,843
Transit Bond Fund	272,420	157,800	148,000	282,220
TOTAL DEBT SERVICE FUNDS:	12,201,796	18,065,300	15,958,500	14,308,596
CARITAL DRO IFOTO FLINDO				
CAPITAL PROJECTS FUNDS: Special Assessment Capital Project	(203,168)	2,030,000	2,030,000	(203,168)
Permanent Improvements	(289,515)	5,823,400	5,823,400	(289,515)
Street Improvement Program	(391,520)	3,212,800	3,212,800	(391,520)
Capital Improvement Fund	2,099,914	1,250,000	1,250,000	2,099,914
TOTAL CAPITAL PROJECTS FUNDS:	1,215,711	12,316,200	12,316,200	1,215,711
INTERNAL SERVICE FUNDS:				
Self Insurance - Worker's Compensation	(703,687)	1,366,800	1,366,800	(703,687)
Self Insurance - Liability	(550,024)	1,224,800	861,300	(186,524)
Medical Health Fund	6,171,291	17,465,000	17,938,000	5,698,291
Dental Health Fund	217,142	576,000	573,000	220,142
Fleet Services	35,962	3,410,000	3,408,500	37,462
TOTAL INTERNAL SERVICE FUNDS:	5,170,684	24,042,600	24,147,600	5,065,684
				ESTIMATED
ENTERPRISE FUNDS ESTIMATED INCOME ANI	DEXPENSE	<u>REVENUE</u>	EXPENSE	INCOME/(LOSS)
Water Fund		11,932,300	11,256,200	676,100
Gas Fund		57,527,900	56,604,800	923,100
Sewer Fund		16,053,000	15,740,700	312,300
Stormwater Fund		3,965,000	2,884,400	1,080,600
Golf Fund		2,006,300	1,952,200	54,100
TOTAL ENTERPRISE FUNDS:		91,484,500	88,438,300	3,046,200
TOTAL ALL FUNDS	81,676,402	253,288,800	246,721,400	88,243,802

Current Property Tax Net Levy

Revenue Description: Property taxes are levied against property based upon their assessed

value and classifications in accordance with the State.

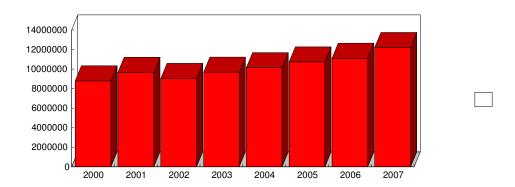
Revenue History: Market values within the City have been increasing based on higher

values, as well as new growth. When values increase the effective rate

on properties can remain flat, or even decrease, as noted below.

		Market Value	Tax Rate	Tax Levy
2000	actual	2,675,003,600	0.2613	8,795,700
2001	actual	2,899,770,100	0.2641	9,658,700
2002	actual	2,901,759,700	0.2897	9,038,100
2003	actual	3,141,674,000	0.2903	9,679,200
2004	actual	3,141,674,000	0.2903	10,153,500
2005	actual	3,629,708,000	0.2665	10,730,400
2006	budgeted	4,777,462,900	0.2818	11,102,100
2007	estimated	5,141,528,200	0.2216	12,208,400

Net Property Tax Levy



2007 Revenue Estimate: The 2007 levy is set at 10% higher than the 2006 levy and reflects an overall net increase of \$1,106,300. The breakdown of the net change is an increase of \$810,100 for general obligation debt; an increase of \$46,800 for general operations of the city; an increase of \$222,300 to support the neighborhood street improvement program; and \$27,100 more for the permanent improvement fund. Beginning in 2002, the Seaway Port Authority and Duluth Transit Authority are treated as special taxing districts and are not part of the City's levy.

State Aid and Property Tax Relief

Revenue Description: The State Legislature distributes direct aid to cities for general operations

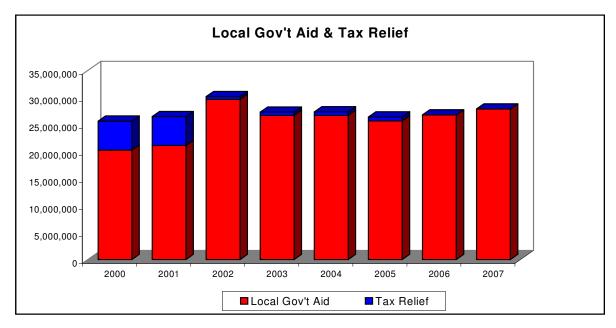
in the form of Local Government Aid, and in prior years, Agriculture Credit, for the purpose of reducing property tax bills for homeowners.

Revenue History: Local Government Aid is the largest single source of revenue to the

General Fund. It is set by the State Legislature and changes from time to time based on the adoption of new laws or modifications to old laws. Also, various other types of aid have been created by the state and were

eventually folded into Local Government Aid.

	Local Gov't	Tax Relief/	
	Aid	HACA	Total
2000 actual	20,234,240	5,367,229	25,601,469
2001 actual	21,094,800	5,368,500	26,463,300
2002 actual	29,635,152	516,831	30,151,983
2003 actual	26,674,033	612,593	27,286,626
2004 actual	26,674,033	645,253	27,319,286
2005 actual	25,653,900	710,594	25,653,880
2006 budgeted	26,728,600	0	26,728,600
2007 estimated	27,840,200	0	27,840,200



2007 Revenue Estimate: The certified 2007 Local Government Aid is \$1.111 million over the 2006 certified aid amount. This represents the maximum increase allowed by state law in that the increase cannot total more than ten percent of the city's prior year's property tax levy.

General Fund Sales Tax

Revenue Description: Represents a 1% excise tax on gross receipts from retail sales or

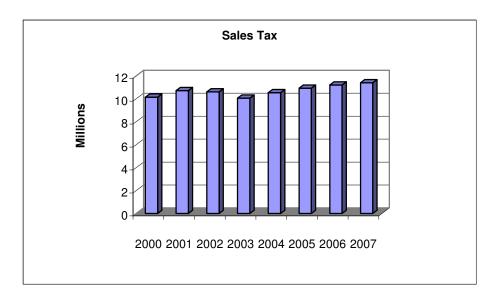
materials purchased for use within the City.

Revenue History: Listed below are the 6 years of actual revenue with 2006 budgeted and

2007 estimated also shown. The change in State law which eliminated the City's ability to charge sales tax on motor vehicle sales culminated in

2004 and has greatly impacted collections for the past 4 years.

		Total
2000	actual	10,145,129
2001	actual	10,712,900
2002	actual	10,608,124
2003	actual	10,056,303
2004	actual	10,537,423
2005	actual	10,929,019
2006	budgeted	11,200,000
2007	estimated	11,400,000



2007 Revenue Estimate: Beginning in 2006, the MN Department of Revenue serves as the collecting agent for Duluth's sales tax. Due to the changes associated with this arrangement, and the short time since implementation, a moderate increase of 1.8% or \$200,000 was projected for 2007.

Tourism Taxes

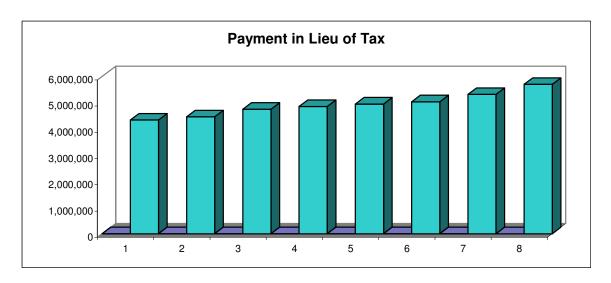
Revenue Description:

Represents non-general sales tax monies received from food/beverage and hotel/motel retail sales. Revenues are by Council action. There are 4 specific taxes collected, with varying degrees of flexibility in terms of appropriation.

Revenue History:

Listed below are 6 years of actual collections, as well as the 2006 budget and 2007 estimate. In 1998, the State Legislature gave the City the authority to temporarily increase hotel/motel tax $\frac{1}{2}$ % and food/beverage tax $\frac{1}{2}$ % to pay for the DECC expansion. The legislation was amended in 2003 to allow the City to use the additional tax to offset debt for the Great Lakes Aquarium in addition to the DECC expansion.

	Total
2000 actual	4,332,861
2001 actual	4,454,909
2002 actual	4,742,461
2003 actual	4,846,952
2004 actual	4,941,611
2005 actual	5,026,161
2006 budgeted	5,307,000
2007 estimated	5,693,000



2007 Revenue Estimate: The City is projecting an increase of \$386,000 or 7.3% in the tourism taxes for 2007 based on current activity.

Local Government Payment in Lieu of Tax

Revenue Description: Payments made to the City for municipal services provided in lieu of

property taxes. The largest source of revenue in this category is from

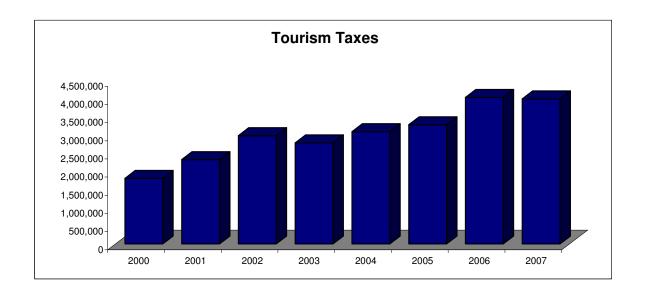
the municipal gas utility.

Revenue History: Listed below are 6 years of actual revenue with the 2006 budget and the

2007 estimate shown. Payments from the gas and steam utilities are based on annual gross receipts. Other contributors pay according to

amounts established in negotiated agreements.

		Total
2000	actual	1,804,103
2001	actual	2,321,016
2002	actual	2,980,057
2003	actual	2,782,925
2004	actual	3,091,280
2005	actual	3,281,003
2006	budgeted	4,033,000
2007	estimated	3,993,400



2007 Revenue Estimate: The revenue estimated for 2007 from steam utility are expected to increase modestly. The gas utility will decrease slightly by \$34,600. Yearly fluctuations are primarily due to the severity of the prior heating season and natural gas usage. 2007 is projected to be an average winter.

General Fund Earnings on Investments

Revenue Description: Revenues derived from investing the City's cash.

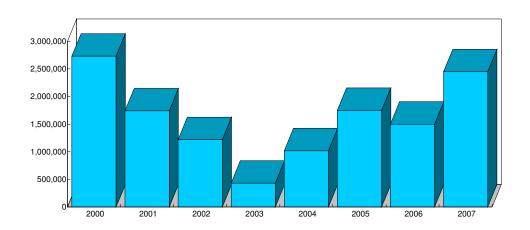
Revenue History: The revenues generated by the City in this category are dependent upon

the cash on hand, current interest rates, and the mix of short term, mid

and long term investments.

		Total
2000	actual	2,732,805
2001	actual	1,741,413
2002	actual	1,220,396
2003	actual	431,639
2004	actual	1,018,411
2005	actual	1,750,484
2006	budgeted	1,500,000
2007	estimated	2,450,000

Earnings on Investments



2007 Revenue Estimate: The proposed 2007 budget for Earnings on Investments is projected to increase by \$950,000 or 63.3% over the 2006 budget estimate. This increase is due to an upward trend in interest rates.

General Fund Licenses and Fines Revenue

Revenue Description: Revenues derived from various license, permits, fines and forfeits activity

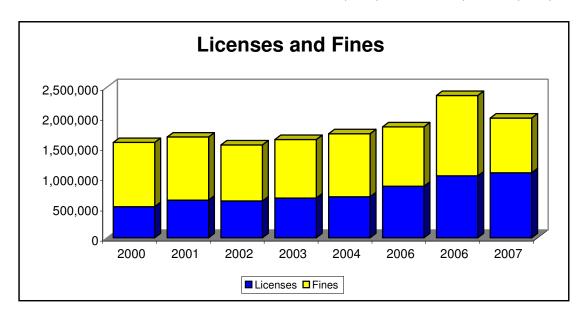
- the largest being Liquor Licenses, Parking and Court Fines.

Revenue History: License revenue has remained somewhat flat over time due to the

overall unchanging fee schedules. The cost of liquor licenses and other fees were scheduled to increase in 2006, but not all were adopted by the City Council. Fine revenue has been increasing steadily in past years

due in part to increased rates in fine schedules.

		Licenses	Fines	Total
2000	actual	515,966	1,064,518	1,580,484
2001	actual	624,433	1,046,124	1,670,557
2002	actual	609,369	929,992	1,539,361
2003	actual	658,315	970,376	1,628,691
2004	actual	680,551	1,043,234	1,723,785
2006	actual	853,625	985,778	1,839,403
2006	budgeted	1,026,000	1,334,100	2,360,100
2007	estimated	1,077,200	908,000	1,985,200



2007 Revenue Estimate: A decrease of \$426,200 in 2007 is estimated because an anticipated increase in parking fines was not adopted by the City Council and also due to a reduced number of offenders in both criminal and parking violations. License revenue is estimated to increase \$51,200.

Public Utility Operating Revenue

Revenue Description: The City of Duluth owns and operates 4 public utilities - water, gas,

sanitary sewer, and stormwater sewer. The revenues included here are

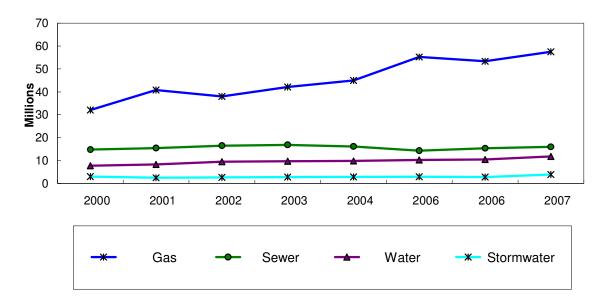
operating revenues only.

Revenue History: Revenues will fluctuate greatly dependent upon winter weather in

particular for both the Gas and Steam funds.

		Gas	Sewer	Water	Stormwater
2000	actual	32,057,358	14,761,905	7,781,851	3,022,082
2001	actual	40,817,924	15,471,290	8,312,989	2,524,837
2002	actual	37,946,821	16,475,463	9,549,079	2,666,682
2003	actual	42,110,746	16,858,638	9,715,942	2,841,486
2004	actual	44,988,514	16,162,665	9,850,010	2,861,150
2006	actual	55,235,342	14,343,674	10,282,801	2,952,641
2006	budgeted	53,319,400	15,384,100	10,478,800	2,837,000
2007	estimated	57,457,500	15,967,300	11,825,400	3,955,000

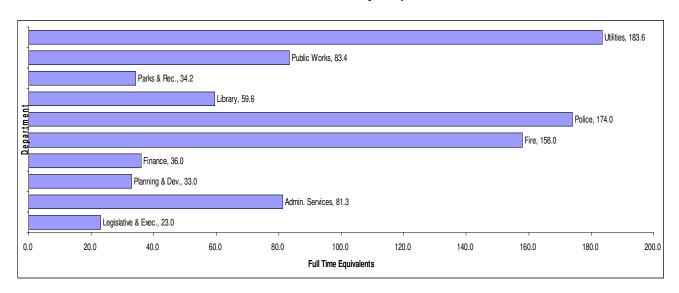
Public Utility Operating Revenue



2007 Revenue Estimate: Rates for all four utilities were adopted in November 2006. approved rates consisted of an increase to cover the utility funds' share of the annual required contribution to Other Post Employment Benefits (OPEB); and in the case of the Water, Gas and Stormwater utilities an additional increase was included for operating expense increases. The estimated impact on the average residential utility customer of all increases \$13.17 per month or 6% of the total bill.

CITYWIDE PERSONNEL SUMMARY

2007 Permanent FTE's by Department



Department	2003 Budget	2004 Budget	2005 Budget	2006 Budget	2007 Budget	Difference 2006/2007
Legislative & Exec.	20.0	20.0	23.0	22.0	23.0	1.0
Admin. Services	89.0	88.0	86.0	86.0	81.3	(4.7)
Planning & Dev.	47.0	41.0	37.0	37.0	33.0	(4.0)
Finance	38.0	38.0	36.0	36.0	36.0	0.0
Fire	158.0	159.0	154.0	159.0	158.0	(1.0)
Police	172.0	171.0	169.0	173.0	174.0	1.0
Library	59.7	59.7	58.6	58.6	59.6	1.0
Parks & Rec.	42.2	42.2	36.2	34.2	34.2	0.0
Public Works	90.6	92.4	90.4	90.4	83.4	(7.0)
Utilities	191.4	188.6	192.6	190.6	183.6	(7.0)
TOTAL	907.9	899.9	882.8	886.8	866.0	(20.8)

CITYWIDE PERSONNEL SUMMARY Fulltime, Permanent Positions

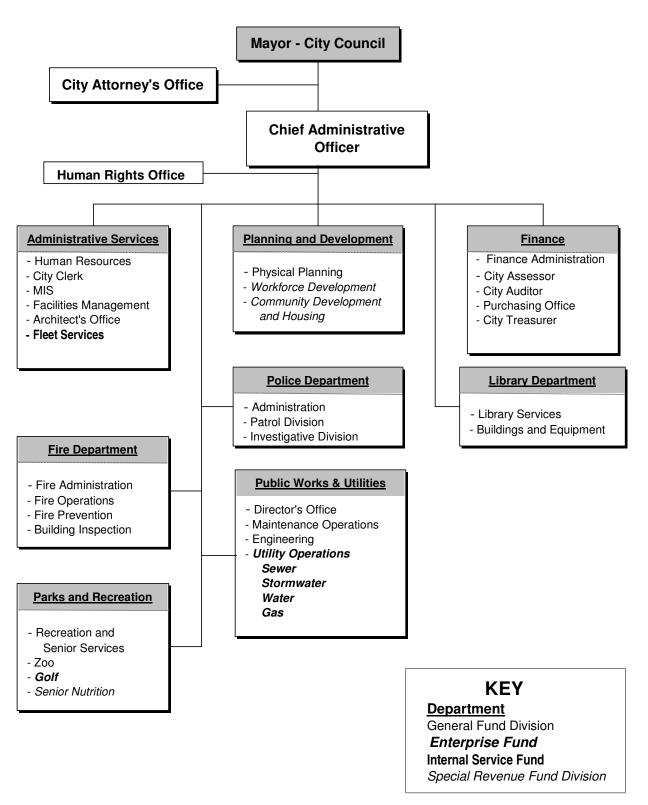
Barrandon and (Birda in a	2004	2005	2006	2007	Difference
Department/Division	Budget	Budget	Budget	Budget	2006/2007
LEGISLATIVE AND EXECUTIVE					
City Council	0.0	0.0	0.0	0.0	0.0
Mayor Office	2.0	2.0	2.0	3.0	1.0
Administrative Assistant	2.0	5.0	4.0	4.0	0.0
Attorney's Office	14.0	14.0	14.0	14.0	0.0
Human Rights Office	2.0	2.0	2.0	2.0	0.0
DEPARTMENT TOTAL	20.0	23.0	22.0	23.0	1.0
ADMINISTRATIVE SERVICES					
Human Resources	8.0	8.0	9.0	9.25	0.3
Budget Office	3.0	3.0	3.0	0.0	(3.0)
City Clerk's	7.0	7.0	7.0	6.0	(1.0)
Management Information Systems	16.0	15.0	16.0	17.0	1.0
Facilities Management	30.0	30.0	28.0	27.0	(1.0)
Architect's Office	2.0	2.0	2.0	2.0	0.0
Fleet Services	22.0	21.0	21.0	20.0	(1.0)
DEPARTMENT TOTAL	88.0	86.0	86.0	81.3	(4.8)
PLANNING & DEVELOPMENT					
Physical Planning	9.0	6.0	6.0	6.0	0.0
Community Development	10.0	9.0	9.0	7.0	(2.0)
Workforce Development	22.0	22.0	22.0	20.0	(2.0)
DEPARTMENT TOTAL	41.0	37.0	37.0	33.0	(4.0)
FINANCE AND RECORDS					
Finance Administration	0.0	0.0	0.0	3.0	3.0
Assessor's Office	11.0	11.0	11.0	11.0	0.0
Auditor's Office	18.0	16.0	16.0	14.0	(2.0)
Purchasing	4.0	4.0	4.0	3.0	(1.0)
Treasurer's Office	5.0	5.0	5.0	5.0	0.0
DEPARTMENT TOTAL	38.0	36.0	36.0	36.0	0.0
FIRE DEPARTMENT					
Fire Administration	4.0	4.0	4.0	4.0	0.0
Firefighting Operations	126.0	123.0	126.0	127.0	1.0
Prevention and Training	4.0	4.0	4.0	3.0	(1.0)
Building Inspection	25.0	23.0	25.0	24.0	(1.0)
DEPARTMENT TOTAL	159.0	154.0	159.0	158.0	(1.0)
POLICE DEPARTMENT					
Administration & Investigative	58.0	55.0	9.0	11.0	2.0
Patrol	113.0	114.0	101.0	125.0	24.0
Investigative			63.0	38.0	(25.0)
DEPARTMENT TOTAL	171.0	169.0	173.0	174.0	1.0

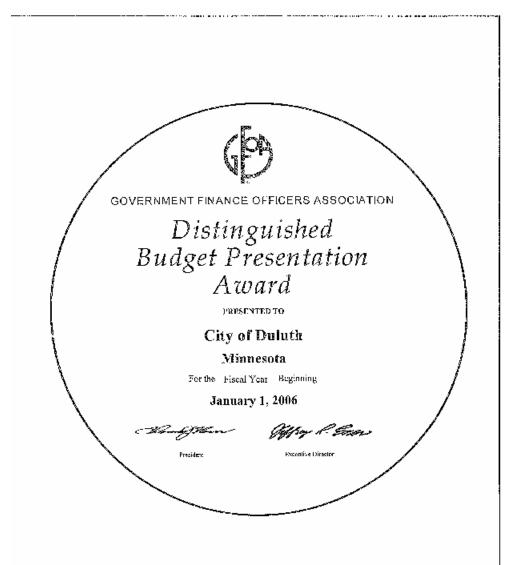
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CITYWIDE PERSONNEL SUMMARY Fulltime, Permanent Positions

	2004	2005	2006	2007	Difference
Department/Division	Budget	Budget	Budget	Budget	2006/2007
LIBRARY DEPARTMENT					
	FF 7	F4.0	54.0	FF 0	1.0
Library Services	55.7	54.6	54.6	55.6	1.0
Buildings & Equipment	4.0	4.0	4.0	4.0	0.0
DEPARTMENT TOTAL	59.7	58.6	58.6	59.6	1.0
PARKS AND RECREATION					
Recreation & Senior Services	22.2	20.2	18.2	19.2	1.0
Zoo	12.0	11.0	11.0	12.0	1.0
Golf	8.0	5.0	5.0	3.0	(2.0)
DEPARTMENT TOTAL	42.2	36.2	34.2	34.2	0.0
PUBLIC WORKS & UTILITIES					
Public Works Operations					
Director' Office	0.6	0.6	0.6	0.4	(0.2)
Maintenance Operations	61.0	60.0	60.0	54.2	(5.8)
Engineering	30.8	29.8	29.8	28.8	(1.0)
Public Works Subtotal	92.4	90.4	90.4	83.4	(7.0)
Utilities Operations					
Water and Gas	135.5	135.2	131.9	124.9	(7.0)
Sewer	33.3	37.5	38.6	38.6	0.0
Stormwater	19.8	20.0	20.1	20.1	0.0
Utilities Subtotal	188.6	192.6	190.6	183.6	(7.0)
DEPARTMENT TOTAL	281.0	283.0	281.0	267.0	(14.0)
TOTAL CITY EMPLOYEES	899.9	882.8	886.8	866.0	(20.8)

OPERATING DEPARTMENT ORGANIZATION CHART





AWARD DISTINGUISHED BUDGET PRESENTATION

The Government Finance Officers Association of the United States and Canada (GFOA) presented an Award for Distinguished Budget Presentation to the City of Duluth, Minnesota for its annual budget for the fiscal year beginning January 1, 2006.

In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications tool.

The award is valid for a period of one year only. We believe our budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

Appropriations

General Fund

Departments

Legislative & Executive
Administrative Services
Planning & Development
Finance
Fire Department
Police Department
Library
Parks & Recreation
Public Works

General Fund

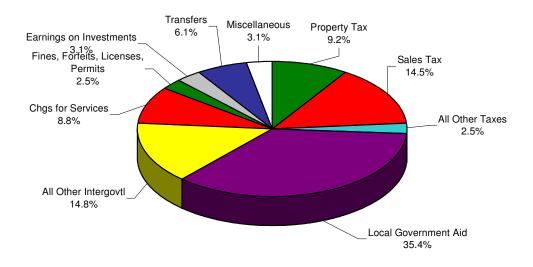
The General Fund provides general purpose government to the citizens of Duluth and accounts for all financial transactions not accounted for in another fund. This fund is used to finance activities such as general government, public safety, public works, libraries, recreation and business and economic development.

Financial support for this fund is received from general property taxes, special excise taxes, licenses and permits, court fines and fees, departmental fees and charges, intergovernmental and miscellaneous revenues. The major categories of revenues and of expenditures are itemized below along with undesignated/unreserved fund balance.

	2005	2006	2007	Percent
	Actual	Budget	Approved	Change
FUND BALANCE - JANUARY 1	4,163,444	3,338,224	3,338,224	
REVENUES Property Tax - Current & Delinquent City Sales Tax All Other Taxes Local Government Aid All Other Intergovernmental Licenses and Fines Charges for Services Earnings on Investments Transfers from Other Funds Miscellaneous	5,757,377	6,917,200	7,186,300	3.9%
	10,929,019	11,200,000	11,400,000	1.8%
	1,960,996	1,960,500	1,965,000	0.2%
	25,653,880	26,728,600	27,840,200	4.2%
	11,465,100	11,730,600	11,636,600	-0.8%
	1,839,403	2,360,100	1,985,200	-15.9%
	6,576,258	6,572,200	6,889,100	4.8%
	1,750,484	1,500,000	2,450,000	63.3%
	3,362,927	3,746,500	4,790,000	27.9%
	2,440,005	2,293,700	2,396,300	4.5%
Total Revenues	71,735,449	75,009,400	78,538,700	4.7%
EXPENDITURES Salaries Employee Benefits Other Expense Capital Total Expenditures	37,201,165	37,694,600	38,129,700	1.2%
	12,807,031	13,721,200	14,574,000	6.2%
	21,280,761	22,450,600	24,692,000	10.0%
	1,271,712	1,143,000	1,143,000	0.0%
	72,560,669	75,009,400	78,538,700	4.7%
FUND BALANCE - DECEMBER 31	3,338,224	3,338,224	3,338,224	

2007 General Fund Revenues

Percent of Total by Major Category



Property Tax - Current & Delinquent	7,186,300
City Sales Tax	11,400,000
All Other Taxes	1,965,000
Local Government Aid	27,840,200
All Other Intergovernmental	11,636,600
Charges for Services	6,889,100
Fines, Forfeits, Licenses and Permits	1,985,200
Earnings on Investments	2,450,000
Transfers from Other Funds	4,790,000
Miscellaneous	2,396,300
TOTAL 2007 REVENUES	\$78,538,700

This graph shows the major categories of revenues expressed as a percent of total General Fund revenues estimated for budget fiscal year 2007. They City's policy of maintaining a diverse revenue base is reflected in the categories of revenues listed above, with almost 200 separate budgeted sources of revenue detailed within the Revenue Source Summary that follows this graph. Although the City does have a wide variety of revenues, the reader will note the City's relative dependence on Local Government Aid, which constitutes 35.4% of all General Fund revenues. For this reason, Local Government Aid is monitored closely at the State Legislature.

_		2003	2004	2005	2006	2007
Gener	al Fund Revenues	Actual	Actual	Actual	Budget	Budget
Category	v 10 - Taxes					
4005	Current Property Tax	4,062,453	5,078,582	5,664,642	6,767,200	7,036,300
4010	Delinguent Property Tax	83,437	89,539	92,735	150,000	150,000
4015	Mobile Home Tax	49,551	38,348	35,451	40,000	36,000
4040	City Sales Tax	10,056,303	10,537,423	10,929,019	11,200,000	11,400,000
4050	Charitable Gambling Tax	102,349	96,857	94,515	100,000	90,000
4070	MN Power Franchise Fee	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000
4071	Cable Franchise Fee	632,913	627,271	656,407	650,000	660,000
4072	No. MN Utility Franchise Fee	8,791	9,274	10,995	10,000	14,000
4080	Forfeit Tax Sale	60,863	55,799	62,949	60,000	65,000
4090	Other Taxes	5,717	524	679	500	
TOTAL ⁻	TAXES	16,162,377	17,633,617	18,647,392	20,077,700	20,551,300
Category	y 20 - Licenses and Permits					
4101	Liquor License	265,184	293,987	298,341	263,500	338,500
4102	Beer License	16,491	14,285	14,396	23,300	14,000
4105	Hotel License	3,901	6,050	6,134	5,900	6,000
4106	Garbage Collection	14,650	12,250	13,312	10,000	14,000
4107	Horse & Carriage	1,168	8	690	700	700
4108	Emergency Wrecker License	3,850	4,500	5,255	4,800	5,000
4109	Gas Station License	6,175	9,840	8,820	9,500	8,500
4110	Charitable Gambling License	2,688	3,592	680	3,600	
4111	Pawnbroker License	2,000	2,600	1,950	2,800	1,500
4112	Peddler's License	480	910	780	400	500
4113	Precious Metal Dealer	1,030	1,442	894	1,300	900
4114	Pet Shop License	1,012	1,312	350	600	700
4117	Massage Parlor	3,090	4,030	4,860	4,100	4,100
4118	Cigarette License	14,800	16,905	16,440	18,000	16,000
4119	Motor Vehicle - Dealer	5,921	7,275	6,075	8,000	7,000
4119	Motor Vehicle - Rental	1,400	1,800	1,575	1,800	2,000
4120	Taxi Permit	7,108	5,429	6,900	5,300	5,300
4121	Coin Operating Device	7,670	10,524	8,177	12,100	9,000
4122	Pool & Bowling	1,730	2,736	1,960	2,300	2,000
4150	Pet License	7,122	17,205	17,636	14,500	14,500
4151	Fill Permits	4,139	2,523	2,433	4,000	2,000
4152	Excavation Permits	10,935	10,800	9,573	12,000	10,000
4153	Multiple Dwell License-1 or 2 units	137,515	122,277	92,548	348,700	147,300
4153	Multiple Dwell License-3 or more	68,597	42,898	173,041	147,300	348,700
4154	Commercial Use/Occupancy	-	•	28,234	40,000	40,000
4170	Christmas Tree Permit	325	1,650	1,000	1,500	1,000
4170	Misc. Perm. & Licenses	69,334	83,723	131,571	80,000	78,000
TOTAL I	LICENSES AND PERMITS	658,315	680,551	853,625	1,026,000	1,077,200

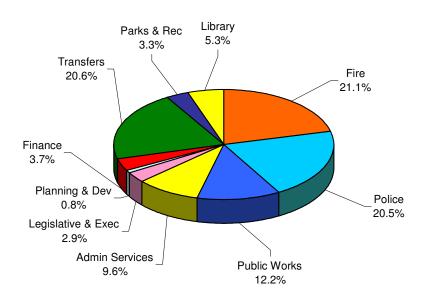
		2003	2004	2005	2006	2007
Genera	al Fund Revenues	Actual	Actual	Actual	Budget	Budget
	30 - Intergovernmental	riotaui	Aotaai	riotaui	Daagot	Daagot
4209	Misc. Federal Grants	40,471	9,297	45,129		
4220	State of Minnesota	183,042	180,279	179,439	189,900	145,000
4221	Local Government Aid	26,674,033	26,674,033	25,653,880	26,728,600	27,840,200
4222	State Property Tax Aid	612,593	645,253	710,594	20,: 20,000	27,010,200
4225	Ski Trail Reimbursement	2,200	2,200	5,000	6,000	6,000
4226	Snowmobile Trail Grants	11,793	32,392	10,467	10,000	20,000
4227	Police Training Reimbursement	59,776	48,702	47,586	48,000	50,000
4230	PERA Aid	124,428	124,428	124,428	125,000	125,000
4231	State Amortization Aid	532,353	532,353	532,353	532,400	532,400
4231	Supplemental Amortization Aid	154,359	154,359	154,359	154,300	154,300
4231	Additional Amortization Aid	3,137,484	3,137,484	3,137,484	3,137,500	3,137,500
4232	State Insurance Premium	1,605,567	1,850,313	1,806,338	1,974,100	1,974,100
4234	State Highwy Mtce Allotment	96,362	1,000,010	1,000,000	.,,	1,011,100
4240	Municipal State Aid - Maintenance	1,044,636	1,144,008	1,148,903	1,145,000	1,129,500
4260	St. Louis County	129,431	129,431	131,017	129,400	129,400
4261	ISD 709	151,000	151,000	151,000	151,000	210,000
4262	Housing & Redevelopment Authority	.0.,000	.0.,000	.0.,000	66,000	=.0,000
4263	WLSSD				29,000	30,000
4300	HRA in Lieu of Taxes	37,949	30,036	34,342	42,000	35,000
4300	Ordean Foundation	16,086	16,086	16,086	16,000	16,000
4731	Gas Utility in Lieu of Taxes	2,657,913	2,971,493	3,150,247	3,887,000	3,852,400
4732	Steam Utility in Lieu of Taxes	70,977	73,665	80,328	88,000	90,000
	<u>-</u>		,			
TOTAL I	NTERGOVERNMENTAL	37,342,453	37,906,812	37,118,980	38,459,200	39,476,800
Category	40 - Charges for Services					
4301	Zoning Appeals Fees	3.720	2.160	3,120	4.000	4.000
4303	Use Permit - Flood & Wetlands	2,520	2,960	2,970	3,000	3,000
4304	Special Use - Flood & Wetlands	1,325	2,300	2,150	1,500	2,000
4305	Variances - Flood & Wetlands	1,920	960	1,800	1,500	1,500
4307	Planning/Zoning Fees	13,508	22,120	15,660	15,200	16.700
4310	Assessment Cost Services	77,273	146,098	88,994	106,000	94,000
4311	Assessment Certification Fees	60,255	57,537	56,731	60,000	50,000
4312	Abatement Processing	6.729	7,791	5,475	6,500	5,200
4313	Garbage Handling Fees	9,250	10,475	10,550	13,000	10,000
4315	Stormwater Administrative Service	174,096	183,700	183,700	183,700	183,700
4315	Sewer Administrative Service	417,804	440,800	440,800	440,800	440,800
4315	Steam Administrative Service	12,996	12,996	13,000	13,000	13,000
4315	DECC Administrative Service	26,750	17,700	17,700	17,700	17,700
4315	DTA Administrative Service	16,100	17,000	17,000	17,000	17,000
4315	Grant Administration Services	67,155	72,741	31,174	35,000	35,000
4315	Airport Administrative Service	41,100	43,400	43,400	43,400	43,400
4315	DEDA Administrative Service	207,996	217,996	217,996	218,000	218,000
4315	Public Utility Admin Service	1,170,804	1,235,200	1,235,200	1,235,200	1,235,200
4315	Fleet Administrative Service	57,204	60,300	60,300	60,300	60,300
4315	Golf Administrative Service	41,604	43,900	43,900	43,900	43,900
4315	Group Health Admin Service	154,704	163,200	163,200	163,200	163,200
4315	Self Insurance Admin Service	292,908	309,000	309,000	309,000	309,000
.0.0	21	_02,000	230,000	230,000	230,000	200,000

		2003	2004	2005	2006	2007
Ganar	al Fund Revenues	Actual	Actual	Actual		
		Actual	Actual	Actual	Budget	Budget
4315	y 40 - Charges for Services continued Spirit Mt. Administrative Service	55,800	40,700	40,700	40,700	40.700
4313	Data Processing Service	4,784	3,465	6,633	3,000	7,000
4320	License Fee - Clerk's	*	3,465	6,633	3,000	7,000
4321	Animal Shelter Fees	10,293 16,996	23,491	19.048	21.000	16,000
4322	Garnishment Fees	165	23,491	19,046	21,000	100
4323	Miscellaneous Services	3,625	5,100	3,357	5,200	6.500
4325	Radio Services	9,000	9,635	150	7,000	6,500
4326	Criminal History Checks	31,112	25,042	17,150	40,000	15,000
4328	Pawnbroker Transaction Charge	31,112	7,598	41,412	30,000	40,000
4339	Police Radio, Sales & Service	348	7,596	41,412	30,000	40,000
4340	Fire Protection Services	5,790		4,200	4,200	4,200
4341	Hydrant Maintenance Service	31,000	21.000	30,000	31,000	30,000
4341	Inspection Services	460	31,000 93	30,000 104	1,000	500
4350	Building Inspection Fees	1,123,188	1,626,646	1,346,702	1,300,000	1,500,000
4351 4352	• .	1,123,188	1,626,646	1,346,702		1,500,000
4352 4353	Plumbing Inspection Fees		*	*	130,000 170,000	200,000
4353 4354	Electric Inspection Fees	152,236 100,751	168,034 127,612	206,582 123,286	•	
	HVAC-R Inspection Fees	*	•		125,000	135,000
4355	Signs Inspection Fees	10,924	12,270	13,152	12,000	13,000
4356 4357	House Moving Inspection Fees	4,353	9,116	8,539	7,000	8,000
	Mobile Home Inspection Fees	100	200	250	200	200
4359	CAF Adminstrative Fee	700 707	440.400	F07.004	FF0 000	1,000
4370	Engineering Services	730,797	440,492	507,601	550,000	500,000
4371	Parking Meters	526,706	539,576	546,788	540,000	550,000
4372 4403	Municipal Parking Lots	149,266	138,520	149,093	150,000	165,000
	NCLC/ALS Reimbursement	21,111	1,051	004.000	000 000	400.000
4410	Adult - Zoo Admissions	287,493	296,681	291,866	320,000	420,000
4410	Child - Zoo Admissions	47,838	61,428	59,138	55,000	55,000
4410	School & Group Zoo Admissions	31,540	35,292	41,105	38,800	38,800
4420	Senior Olympic Entry Fees	0	9,990			
TOTAL	CHARGES FOR SERVICES	6,324,994	6,812,681	6,576,258	6,572,200	6,889,100
Categor	y 50 - FInes and Forfeits					
4470	License Penalties	2,701	3,056	6,750	2,000	6,000
4471	Library Fines	87,911	95,401	100,085	102,100	102,000
4472	Parking Fines	509,344	564,089	506,864	800,000	410,000
4473	Court Fines	370,420	380,688	371,929	430,000	390,000
4475	Other Fines			150		
TOTAL	FINES AND FORFEITS	970,376	1,043,234	985,778	1,334,100	908,000
Categor	y 60 - Special Assessments					
4500	Assessments	13,283	18,282	267,503	318,000	305,000
4500	Garbage Assessment w/taxes	55,582	59,906	58,325	60,000	70,000
4500	Tree Removal Assessment w/taxes	20,00=	-0,000	-0,0-0	-0,000	. 0,000
4501	Bldg Demo Penalties & Int w/taxes	18,028	9,499	3,583	20,000	
4501	Garbage Penalties & Int w/taxes	37,740	37,524	37,337	35,000	39,000
	and any and any and any and any	<u> </u>	3.,021	3.,007	20,000	20,000
TOTAL	SPECIAL ASSESSMENTS	124,633	125,211	366,748	433,000	414,000

		2003	2004	2005	2006	2007
Gener	al Fund Revenues	Actual	Actual	Actual	Budget	Budget
Categor	y 70- Miscellaneous				3	3.1
4601	Earnings on Investments	431,639	1,018,411	1,750,484	1,500,000	2,450,000
4610	Tech Village Parking Ramp	380,682	395,931	397,809	400,000	455,000
4611	Casino Parking Ramp	534,589	562,430	594,713	575,000	575,000
4620	Telecommunications Space Rental	10,247	6,605	6,865	6,400	7,200
4621	Rent of Parking Space	66,359	66,192	62,060	71,200	71,200
4622	Rent of Buildings	45,047	32,550	64,011	62,700	74,500
4623	Rent of Land	7,060	7,110	5,200	7,000	7,000
4624	Rent of Equipment	1,164	250		500	500
4626	Indian Point Campground	28,465	34,074	21,600	30,000	23,000
4627	Concessions & Commissions	2,588	2,148	7,728	1,500	13,500
4627	Vending Concessions	11,309	7,888	4,873	5,000	
4631	Prints and Plans Sales	16,092	20,638	19,553	17,000	13,000
4631	Microfilm Print Sales	2,213	2,947	3,790	3,400	1,600
4631	Book Sales	436	275	262	200	200
4631	Xerox Copies	31,105	29,636	24,779	36,300	21,200
4639	Sale of Equipment	319,951	292,973	79,831	50,000	80,000
4640	Sale of Land	15,401	40,640	82,821	30,000	30,000
4641	Sale of Scrap	1,845	4,446	1,707	1,500	1,500
4644	Miscellaneous Sales	157,665	36,244	155,733	37,100	87,600
4650	Salary Reimbursement	20,254	39,182	5,198	10,000	3,000
4654	Other Reimbursements	99,149	192,059	100,612	231,700	187,100
4655	Drug Task Force Reimbursement	83,872	82,000	0	20,000	90,000
4660	Gifts & Donations	8,326	2,890	71,538		3,000
4680	Damages Recovered	33,369	11,686	26,451	3,000	3,000
4700	Other Sources	17,381	31,225	-1,074	110,000	33,000
4701	2% Retention Surtax	1,122		1,222	1,200	1,200
4705	Cost Allocation Charges				150,000	200,000
TOTAL	MISCELLANEOUS	2,327,330	2,920,430	3,487,766	3,360,700	4,432,300
Categor	y 80 - Other Financing Sources					
4730	Transfer from Special Rev Funds	2,997,717	3,018,358	3,088,750	3,746,500	4,620,000
4730	Transfer from Police Grant Funds			274,177		50,000
4730	Transfer from Enterprise Funds					120,000
4998	Prior Year Revenue	41,998	831,747	335,975		
TOTAL	OTHER FINANCING SOURCES	3,039,715	3,850,105	3,698,902	3,746,500	4,790,000
	GENERAL FUND TOTAL	66,950,193	70,972,641	71,735,449	75,009,400	78,538,700

2007 General Fund Expenses

Percent of Total by Department



Fire Department	16,543,800
Police Department Public Works	16,108,800 9,590,400
Legislative and Executive	2,321,400
Administrative Services	7,532,200
Planning and Development	590,400
Finance Department	2,884,000
Transfers	16,153,200
Parks and Recreation	2,654,600
Library	4,159,900

TOTAL 2007 EXPENDITURES \$78,538,700

This graph shows the General Fund departmental budgets as a percent of the total General Fund expenditures for budget fiscal year 2007. The largest category of expense is public safety with the Police and Fire Department comprising 41.6% of the total; followed by the Transfers Department with 20.6%; Public Works with 12.2%; Administrative Services with 9.6%; Library and Parks with a combined total of 8.6%; and Finance, Planning and Development, and Legislative and Executive with a combined total of 7.4%.

	Permanent		Temporary		Other	Capital	
General Fund Expenses	Salaries	Overtime	Salaries	Benefits	Expense	Outlay	TOTAL
deficial i dila Expenses	Salaries	Overtime	Jaianes	Deliciilo	Lxpense	Outlay	IOIAL
LEGISLATIVE AND EXECUTIVE	0	0	00.000	10 500	46.000	0	140 500
City Council Mayor's Office	0 194,200	0	90,000	12,500 58,200	46,000 10,000	0	148,500 262,400
Administrative Assistant	302,000	0	0	76,400	8,300	0	386,700
Attorney's Office	1,071,200	0	0	266,100	25,500	8,000	1,370,800
Human Right's Office	106,500	0	0	34,300	12,200	0	153,000
DEPARTMENT TOTAL	1,673,900	0	90,000	447,500	102,000	8,000	2,321,400
ADMINISTRATIVE SERVICES							
Human Resources	479,000	0	7,000	137,900	32,000	0	655,900
City Clerk's	337,400 1,017,200	1,000 2,000	45,000 16,000	112,800 283,100	50,000 222,000	0	546,200 1,540,300
Mgmt Information Systems Facilities Management	1,301,700	4,000	16,000	396,500	2,878,100	0	4,580,300
Architect's Office	164,600	0	0	37,900	7,000	0	209,500
DEPARTMENT TOTAL	3,299,900	7,000	68,000	968,200	3,189,100	0	7,532,200
PLANNING/DEVELOPMENT							
Urban Development	361,400	0	0	99,000	130,000	0	590,400
DEPARTMENT TOTAL	361,400	0	0	99,000	130,000	0	590,400
FINANCE							
Admin	252,800	0	0	57,600	8,000	0	318,400
Assessor's Office	603,600	0	0	174,000	25,400	0	803,000
Auditor's Office	824,500	4,200	0	229,100	76,000	0	1,133,800
Purchasing Treasurer's Office	170,800 294,800	0	0 8,500	55,200 79,000	9,000 11,500	0	235,000 393,800
DEPARTMENT TOTAL	2,146,500	4,200	8,500	594,900	129,900	0	2,884,000
	, -,	,	-,	,	-,		, ,
FIRE DEPARTMENT Fire Administration	286,300	0	0	116,500	41,900	0	444,700
Fire Operations	7,813,800	450,000	0	5,162,400	422,500		13,848,700
Prevention & Training	228,600	5,000	0	135,400	23,600	0	392,600
Building Inspection	1,299,100	2,000	0	403,900	152,800	0	1,857,800
DEPARTMENT TOTAL	9,627,800	457,000	0	5,818,200	640,800	0	16,543,800
POLICE DEPARTMENT							
Police Admin	773,300	10,000	0	252,300	1,018,000	0	2,053,600
Patrol Division	7,695,700	350,000	0	2,863,600	63,900	0	10,973,200
Investigation DEPARTMENT TOTAL	2,169,800 10,638,800	100,000 460,000	0	778,700 3,894,600	33,500 1,115,400	0	3,082,000 16,108,800
-	10,000,000	400,000	Ū	0,004,000	1,110,400	· ·	10,100,000
LIBRARY DEPARTMENT Library Services	2,589,700	5,000	92,700	821,400	118,300	285,000	3,912,100
Buildings & Equipment	156,500	3,000	4,300	60,900	23,100	205,000	247,800
DEPARTMENT TOTAL	2,746,200	8,000	97,000	882,300	141,400	285,000	4,159,900
PARKS AND RECREATION							
Rec & Sr Services	844,800	800	246,000	290,500	184,200	0	1,566,300
Zoo	540,700	35,000	4,500	188,100	320,000	0	1,088,300
DEPARTMENT TOTAL	1,385,500	35,800	250,500	478,600	504,200	0	2,654,600
PUBLIC WORKS							
Director's Office	34,600	0	0	8,500	2,300	0	45,400
Maintenance Operations	2,741,000	200,000	131,500	897,600	3,205,600	0	7,175,700
Transportation Engineering	1,593,200	50,000	13,400	484,600	228,100	0	2,369,300
DEPARTMENT TOTAL	4,368,800	250,000	144,900	1,390,700	3,436,000	0	9,590,400
TRANSFERS	0	0	0	0	15,303,200		16,153,200
DEPARTMENT TOTAL	0	0	0	0	15,303,200	850,000	16,153,200
2006 GENERAL FUND TOTAL	36,248,800	1,222,000	658,900	14,574,000	24,692,000	1,143,000	78,538,700

General Fund Personnel Summary

	2006	2007	D.//	
	Budget	Approved	Difference	Narrative
LEGISLATIVE/EXECUTIVE				
City Council	0.0	0.0	0.0	Transferred the Chief Communications
Mayor	2.0	3.0	1.0	Officer into the Mayor's Office from
Chief Administrative Officer	4.0	4.0	0.0	Human Resources
City Attorney	14.0	14.0	0.0	
Human Rights Office	2.0	2.0	0.0	
ADMINISTRATIVE SERVICES				
Human Resources	9.0	9.25	0.3	Added 1.25 new Safety & Training positions
Budget Office	3.0	0.0	-3.0	in Human Resources; transferred Chief
City Clerk	7.0	6.0	-1.0	Comm Officer to the Mayor, the Graphics
Mgmt Information Systems	16.0	17.0	1.0	Coordinator to MIS, two position in Budget to
Facilities Management	28.0	27.0	-1.0	Finance and one to Human Rsrc; eliminated
Architect's Office	2.0	2.0	0.0	clerical in Clerk's; reorganized MIS for a net
				change of 1; eliminated painter and parking
				ramp positions in Fac. Mgt. offset by an
				additional Public Information Coordinator.
PLANNING/DEVELOPMENT				
Physical Planning	6.0	6.0	0.0	No changes in personnel proposed.
FINANCE				
Finance Administration	0.0	3.0	3.0	Additional 2 budget staff transferred from
Assessor	11.0	11.0	0.0	Admin Srvs; eliminated one vacancy in both th
Auditor	16.0	14.0	-2.0	Auditor's and Purchasing; reassigned the
Purchasing	4.0	3.0	-1.0	Director into the new Finance Admin. Division.
Treasurer	5.0	5.0	0.0	
FIRE				
Fire Administration	4.0	4.0	0.0	Eliminated a vacant housing inspector.
Firefighting Operations	126.0	127.0	1.0	
Prevention & Training	4.0	3.0	-1.0	
Building Inspection	25.0	24.0	-1.0	
POLICE				
Police Administration	9.0	11.0	2.0	Added an additional parking monitor.
Patrol	101.0	125.0	24.0	
Investigative	63.0	38.0	-25.0	
LIBRARY				
Library Services	54.6	55.6	1.0	Added an additional Librarian position.
Buildings & Equipment	4.0	4.0	0.0	
PARKS AND RECREATION				
Recreation & Sr. Services	18.2	19.2	1.0	Added a recreation specialist and a new
Zoo	11.0	12.0	1.0	zoo vet/curator.
PUBLIC WORKS				
Director's Office	0.6	0.4	-0.2	Transferred the Safety and Trng Spec to
Maintenance	60.0	54.2	-5.8	Human Resources; eliminated 5.8 vacancies
Engineering	29.8	28.8	-1.0	in Maintenance; and one in Engineering.
-				amonanoo, and one in Engineering.
TOTAL GENERAL FUND FTE'S	639.2	632.5	-6.8	



Legislative and Executive

City Council Mayor Chief Administrative Officer City Attorney's Office Human Rights Office



Divisions

City Council Mayor's Office Chief Admin Officer Attorney's Office Human Rights Office

Legislative and Executive Department

The divisions included in this department are responsible for the legislative activity pursuant to the City Charter, enforcement and execution of city ordinances and legal defense of city activities.

Mission and Core Services

The Overall mission of this department is to consider and adopt policies, ordinances, and resolutions that impact the city government, and to direct the functions of the rest of the organization.

Major Budget Issues

The department's budget is status quo with the exception of the transfer of the Chief Communications Officer from the Department of Administrative Services – Human Resources Division to the Office of the Mayor.

In the original budget presented to the City Council, the Administration proposed eliminating the Human Rights Office due to the lack of funding as expected from the Department of Housing and Urban Development. The function was to be performed using existing staff in other divisions, as well as referring citizens to the Minnesota State Human Rights Office. Subsequently, the city has received notification from HUD that the funding would be available in 2007. The Human Rights budget was restored in the final approved budget.

	2004	2005	2006	2007	Difference
Budgeted FTE's	20	23	22	23	11_

	2004	2005	2006	2007	
Expenditures	Actual	Actual	Budget	Budget	Difference
Permanent Salaries	1,418,256	1,550,092	1,612,300	1,673,900	61,600
Overtime	0	0	0	0	0
Temporaries	141,899	146,843	90,000	90,000	0
Total Personal Services	1,560,155	1,696,935	1,702,300	1,763,900	61,600
Benefits	331,994	356,641	402,900	447,500	44,600
Other Expense	104,610	98,999	105,200	102,000	(3,200)
Capital Outlay	4,689	4,792	8,000	8,000	0
Department Total	2,001,448	2,157,367	2,218,400	2,321,400	103,000

City Council

The City Council is comprised of nine members, five who serve from geographical districts and four who serve at large. Councilors serve four year terms. The Council is responsible for enacting ordinances, resolutions, adopting an annual budget; raising money for municipal functions through the approval of levies; borrowing, bonding; reviewing various authorities, approving economic development plans; initiating and approving public improvements; protecting public health, safety and welfare through legislation and licensing.

DUQQELEGIES 2004 2005 2006 2007 Differen	Budgeted FTE's	2004	2005	2006	2007	Difference
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There are no fulltime, permanent employees assigned to this division.

	2004	2005	2006	2007	
Expenditures	Actual	Actual	Budget	Budget	Difference
Personal Services					
Permanent Salaries	0	0	0	0	0
Overtime	0	0	0	0	0
Temporaries	90,664	94,072	90,000	90,000	0
Total Salaries	90,664	94,072	90,000	90,000	0
Benefits	11,588	9,718	12,300	12,500	200
Other Expense					
Materials & Supplies	400	1,031	2,800	2,800	0
Services	29,874	22,070	30,500	30,500	0
Utilities & Maintenance	0	0	500	500	0
Other	10,552	14,569	12,200	12,200	0
Total Other Expense	40,826	37,670	46,000	46,000	0
Capital Outlay	0	0	0	0	0
Division Total	143,078	141,460	148,300	148,500	200

City Council 100-010-1101

EXPEN	EXPENSE DETAIL		2004	2005	2006	2007
		Actual	Actual	Actual	Budget	Budget
DEDCO	NAL CERVICES					
5100	NAL SERVICES Permanent Employees - Regular	0	0	0	0	0
5100	Permanent Employees - Negulai Permanent Employees - Overtime	0	0	0	0	0
5103	Temporary Employees	89,964	90,664	94,072	90,000	90,000
3103	TOTAL	89,964	90,664	94,072	90,000	90,000
	EXPENDITURES					
5200	Office Supplies	79	393	484	500	500
5201	Computer Supplies/Software	0	0	0	1,500	1,500
5202	Audiovisual and Photography	0	0	382	500	500
5219	Other Miscellaneous Supplies	0	7	165	300	300
5241	Small Equipment	0	0	0	0	0
5319	Other Professional Services	11,500	12,000	11,500	10,500	10,500
5334	Training Expenses	5,387	11,033	4,463	12,500	12,500
5355	Printing and Copying	11,347	6,841	6,107	7,500	7,500
5404	Equipment Repair & Maintenance	170	0	0	500	500
5433	Dues and Subscriptions	256	428	229	1,000	1,000
5441	Other Services and Charges	12,063	9,876	12,371	9,000	9,000
5443	Board/Meeting Expenses	1,773	248	1,969	2,200	2,200
	TOTAL	42,575	40,826	37,670	46,000	46,000
	SUBTOTAL	132,539	131,490	131,742	136,000	136,000
EMPLO'	YEE BENEFITS					
5121	P.E.R.A.	5,051	4,705	2,552	5,400	5,600
5122	F.I.C.A. Social Security	5,578	6,786	5,808	5,600	5,600
5123	F.I.C.A. Medicare	1,304	97	1,358	1,300	1,300
	TOTAL	11,933	11,588	9,718	12,300	12,500
DIVISIO	N TOTAL	144,472	143,078	141,460	148,300	148,500

Mayor's Office

Provides leadership and direction to the Executive Branch of city government. The Mayor serves as chief executive officer of the city, provides leadership in the community and serves as the identifiable representative of the city. The Mayor's Office provides policy initiatives to the City Council to help direct the vision of the community.

Budgeted FTE's	2004	2005	2006	2007	Difference
Mayor	1	1	1	1	0
Senior Secretary Spec.	1	1	1	1	0
Chief Comm Officer				1	1
Division Total	2	2	2	3	1

F	2004	2005	2006	2007	
Expenditures	Actual	Actual	Budget	Budget	Difference
Personal Services					
Permanent Salaries	125,940	128,631	130,300	194,200	63,900
Overtime	0	0	0	0	0
Temporaries	608	150	0	0	0
Total Salaries	126,548	128,781	130,300	194,200	63,900
Benefits	28,558	32,584	35,500	58,200	22,700
Other Expense					
Materials & Supplies	1,125	2,141	1,000	1,100	100
Services	2,882	3,630	1,500	1,300	(200)
Utilities & Maintenance	0	330	0	400	400
Other	6,776	7,246	6,700	7,200	500
Total Other Expense	10,783	13,347	9,200	10,000	800
Capital Outlay	0	0	0	0	0
Division Total	165,889	174,712	175,000	262,400	87,400

Mayor's Office 100-010-1102

EXPEN	ISE DETAIL	2003 Actual	2004 Actual	2005 Actual	2006 Budget	2007 Budget
DEDCON	NAL SERVICES					
5100	Permanent Employees	127,868	125,940	128,631	130,300	194,200
5100	Permanent Employees	,	0	0	0	134,200
5103	Temporary Employees		608	150	0	0
0.00	TOTAL	127,868	126,548	128,781	130,300	194,200
OTHER I	EXPENDITURES					
5200	Office Supplies	968	830	2,141	700	800
5201	Computer Supplies/So	43	0	0	0	0
5202	Audiovisual and Photo	49	264	0	100	100
5219	Other Miscellaneous S	15	31	0	100	100
5241	Small Equipment	0	0	0	100	100
5322	Postage	45	60	0	100	100
5331	Travel (Business)	332	1,482	3,138	1,000	1,000
5334	Training Expenses	804	1,032	0	200	200
5355	Printing and Copying	437	308	492	200	400
5404	Equipment Repair & M	1 0	0	330	0	0
5418	Vehicle/Equipment Le	,	885	0	0	0
5433	Dues and Subscription		415	311	600	600
5441	Other Services and Ch		437	1,269	100	100
5443	Board/Meeting Expens		1,536	1,416	1,000	1,500
5444	Mayor's Contingent Fu		3,503	4,250	5,000	5,000
	TOTAL	12,282	10,783	13,347	9,200	10,000
	SUBTOTAL	140,150	137,331	142,128	139,500	204,200
EMPLOY	EE BENEFITS					
5121	P.E.R.A.	6,783	6,334	6,382	7,500	11,800
5122	F.I.C.A. Social Securit	7,782	9,220	7,707	8,100	12,100
5123	F.I.C.A. Medicare	1,820	45	1,843	1,900	2,800
5131	Health Insurance	10,795	11,705	15,473	16,700	29,800
5132	Dental Insurance	1,024	939	775	900	1,000
5133	Life Insurance	420	315	404	400	700
	TOTAL	28,624	28,558	32,584	35,500	58,200
DIVISION	N TOTAL	168,774	165,889	174,712	175,000	262,400

Chief Administrative Officer

The Chief Administrative Officer serves as the city under the guidelines established by the home rule charter. The Chief Administrative Officer (CAO) is appointed by and serves at the pleasure of the Mayor. The CAO appoints the department directors, other than the city attorney, who is appointed by the Mayor. The CAO is responsible for the day to day operations of the departments of the city and to promulgate the policy directives of the Mayor and the City Council. Economic Development staff report directly to the CAO and are accounted for in this division.

Budgeted FTE's	2004	2005	2006	2007	Difference
Chief Admin Officer	1	1	1	1	0
Mgr. Business Dev.	0	1	1	1	0
Ass't Business Dev.	0	1	1	1	0
Clerical	1	2	1	1	0
Division Total	2	5	4	4	0

	2004	2005	2006	2007	
Expenditures	Actual	Actual	Budget	Budget	Difference
Personal Services					
Permanent Salaries	250,365	359,162	313,400	302,000	(11,400)
Overtime	0	0	0	0	0
Temporaries	0	0	0	0	0
Total Salaries	250,365	359,162	313,400	302,000	(11,400)
Benefits	54,749	66,591	70,400	76,400	6,000
Other Expense					
Materials & Supplies	697	767	1,000	1,000	0
Services	3,392	1,116	4,200	4,200	0
Utilities & Maintenance	0	0	0	0	0
Other	3,049	2,769	2,800	3,100	300
Total Other Expense	7,138	4,652	8,000	8,300	300
Capital Outlay	0	0	0	0	0
Division Total	312,252	430,405	391,800	386,700	(5,100)

100-010-1103

EXPE	NSE DETAIL	2003 Actual	2004 Actual	2005 Actual	2006 Budget	2007 Budget
PERSO	DNAL SERVICES					
5100	Permanent Employees - Regular	145,061	250,365	359,162	313,400	302,000
5101	Permanent Employees - Overtime	0	0	0	0	0
5103	Temporary Employees	0	0	0	0	0
	TOTAL	145,061	250,365	359,162	313,400	302,000
OTHER	R EXPENDITURES					
5200	Office Supplies	292		712	700	700
5201	Computer Supplies/Software	236		0	200	200
5219	Other Miscellaneous Supplies	52	697	55	100	100
5331	Travel - Business	850	1,396	75	1,500	1,500
5334	Training Expenses	2,571	1,748	0	2,400	2,400
5335	Mileage Reimbursement-Local	0	248	1,041	300	300
5418	Vehicle/Equipment Lease	1,614	885	398	0	300
5433	Dues and Subscriptions	1,331	954	987	1,500	1,500
5441	Other Services and Charges	1,000	324	172	500	500
5443	Board/Meeting Expense	803	886	1,212	800	800
	TOTAL	8,749	7,138	4,652	8,000	8,300
	SUBTOTAL	153,810	257,503	363,814	321,400	310,300
EMPLO	OYEE BENEFITS					
5121	P.E.R.A.	7,943	13,399	16,357	18,800	18,900
5122	F.I.C.A. Social Security	7,871	18,815	18,160	19,400	18,600
5123	F.I.C.A. Medicare	2,086	1,291	5,277	4,500	4,400
5131	Health Insurance	10,179	19,166	24,439	25,100	32,200
5132	Dental Insurance	822	1,378	1,519	1,700	1,400
5133	Life Insurance	420	700	839	900	900
	TOTAL	29,321	54,749	66,591	70,400	76,400
DIVISIO	ON TOTAL	183,131	312,252	430,405	391,800	386,700

City Attorney's OfficeProvides legal advice and services, as needed, to the City and related agencies.

Budgeted FTE's	2004	2005	2006	2007	Difference
City Attorney	1	1	1	1	0
Assistant Attorney	8	7	7	7	0
Claims Adjuster	1	1	1	1	0
Prosecution Assistant	1	1	1	1	0
Paralegal	0	1	1	1	0
Clerical	3	3	3	3	0
Division Total	14	14	14	14	0

	2004	2005	2006	2007	
Expenditures	Actual	Actual	Budget	Budget	Difference
Personal Services					
Permanent Salaries	941,293	959,370	1,062,100	1,071,200	9,100
Overtime	0	0	0	0	0
Temporaries	49,175	43,744	0	0	0
Total Salaries	990,468	1,003,114	1,062,100	1,071,200	9,100
Benefits	210,440	217,393	252,200	266,100	13,900
Other Expense					
Materials & Supplies	3,064	2,883	3,600	3,600	0
Services	11,565	13,577	8,700	9,700	1,000
Utilities & Maintenance	487	744	200	200	0
Other	18,080	20,553	12,000	12,000	0
Total Other Expense	33,196	37,757	24,500	25,500	1,000
Capital Outlay	7,689	4,792	8,000	8,000	0
Division Total	1,241,793	1,263,056	1,346,800	1,370,800	24,000

EXPE	INSE DETAIL	2003 Actual	2004 Actual	2005 Actual	2006 Budget	2007 Budget
		Aotaai	Aotau	Aotuui	Dauget	Dadget
PERSO	ONAL SERVICES					
5100	Permanent Employees - Regular	1,028,922	941,293	959,370	1,062,100	1,071,200
5101	Permanent Employees - Overtime	0	0	0	0	0
5103	Temporary Employees	45,228	49,175	43,744	0	0
	TOTAL	1,074,150	990,468	1,003,114	1,062,100	1,071,200
OTHER	R EXPENDITURES					
5200	Office Supplies	2,907	2,750	2,584	2,500	2,500
5202	Audiovisual and Photography	369	314	299	400	400
5241	Small Equipment	0	0	0	700	700
5304	Legal Services	1,928	1,825	4,739	2,000	3,000
5319	Other Professional Services	0	0	0	200	200
5321	Telephone	0	0	0	100	100
5322	Postage	0	0	0	100	100
5331	Travel (Business)	484	692	6,618	1,000	1,000
5334	Training Expenses	3,330	3,554	0	3,500	3,500
5335	Mileage Reimbursement-Local	749	4,739	1,641	1,000	1,000
5355	Printing and Copying	102	755	579	800	800
5404	Equipment Repair & Maintenance	536	487	744	200	200
5433	Dues and Subscriptions	16,272	17,817	20,502	11,500	11,500
5441	Other Services & Charges	64	263	51	500	500
	TOTAL	26,741	33,196	37,757	24,500	25,500
CAPIT	AL OUTLAY					
5590	Library Materials	7,450	7,689	4,792	8,000	8,000
	TOTAL	7,450	7,689	4,792	8,000	8,000
	SUBTOTAL	1,108,341	1,031,353	1,045,663	1,094,600	1,104,700
EMPLO	DYEE BENEFITS					
5121	P.E.R.A.	56,927	53,923	53,928	63,700	66,900
5122	F.I.C.A. Social Security	61,332	71,045	58,783	65,900	66,500
5123	F.I.C.A. Medicare	14,760	0	14,344	15,400	15,500
5131	Health Insurance	74,716	78,073	83,150	98,200	109,300
5132	Dental Insurance	4,617	4,739	4,727	6,100	4,900
5133	Life Insurance	2,852	2,660	2,461	2,900	3,000
	TOTAL	215,204	210,440	217,393	252,200	266,100
DIVISIO	ON TOTAL	1,323,545	1,241,793	1,263,056	1,346,800	1,370,800

Human Rights OfficeProvides advice, education, and enforcement of the city's Human Rights ordinance and related regulations.

Budgeted FTE's	2004	2005	2006	2007	Difference
Compliance Officer	1	1	1	1	0
Information Technician	1	1	1	1	0
Division Total	2	2	2	2	0
					0
	2004	2005	2006	2007	
Expenditures	Actual	Actual	Budget	Budget	Difference
Personal Services					
Permanent Salaries	100,658	102,929	106,500	106,500	0
Overtime	0	0	0	0	0
Temporaries	1,452	8,877	0	0	0
Total Salaries	102,110	111,806	106,500	106,500	0
Benefits	26,659	30,355	32,500	34,300	1,800
Other Expense					
Materials & Supplies	3,973	1,352	1,000	1,000	0
Services	6,076	3,303	15,700	10,700	(5,000)
Utilities & Maintenance	0	0	0	0	0
Other	2,618	948	800	500	(300)
Total Other Expense	12,667	5,603	17,500	12,200	(5,300)
Capital Outlay	0	0	0	0	0
Division Total	141,436	147,764	156,500	153,000	(3,500)

EXPE	NSE DETAIL	2003 Actual	2004 Actual	2005 Actual	2006 Budget	2007 Budget
PERSO	DNAL SERVICES					
5100	Permanent Employees - Regular	96,725	100,658	102,929	106,500	106,500
5101	Permanent Employees - Overtime	0	0	0	0	0
5103	Temporary Employees	0	1,452	8,877	0	0
	TOTAL	96,725	102,110	111,806	106,500	106,500
OTHER	R EXPENDITURES					
5200	Office Supplies	1,530	1,495	1,352	1,000	1,000
5241	Small Equipment	0	2,478	0	0	0
5319	Other Professional Services	800	5,093	3,183	15,500	10,500
5334	Training Expense	545	983	120	0	0
5335	Mileage Reimbursement-Local	0	0	0	200	200
5433	Dues/Subscriptions	0	0	430	0	0
5441	Other Services & Charges	1,936	2,618	518	800	500
	TOTAL	4,811	12,667	5,603	17,500	12,200
CAPITA	AL OUTLAY					
5540	Equipment-Non-Capital	0	0	0	0	0
5580	Capital Equipment	0	0	0	0	0
	TOTAL	0	0	0	0	0
	SUBTOTAL	101,536	114,777	117,409	124,000	118,700
EMPLC	DYEE BENEFITS					
5121	P.E.R.A.	5,458	5,481	5,666	6,400	6,700
5122	F.I.C.A. Social Security	5,564	7,203	6,603	6,600	6,600
5123	F.I.C.A. Medicare	1,301	56	1,569	1,500	1,500
5131	Health Insurance	11,387	12,801	15,355	16,700	18,400
5132	Dental Insurance	620	698	764	900	700
5133	Life Insurance	420	420	398	400	400
	TOTAL	24,750	26,659	30,355	32,500	34,300
DIVISIO	ON TOTAL	126,286	141,436	147,764	156,500	153,000



Administrative Services

Human Resources
City Clerk
Management Information Systems
Facilities Management
Architect Office



Divisions

Human Resources Budget Office City Clerk MIS Office Facilities Mgmt Architect's Office

Administrative Services

The department provides the overall administration and support services for city government in the areas of human resource management; management information and telecommunication (voice/IP) systems, fleet operations, functions of the City Clerk, facilities and real estate management, architecture and capital planning.

Mission and Core Services

The department's mission is to provide internal and external support services and administration for the respective areas of duties and responsibilities and the diverse functions of the divisions within the Administrative Services Department.

Major Budget Issues

Examples of areas having major budget impacts for the department are the increases and instability of motor fuel costs and utility rate increases for facilities and area lighting. Also, reduced budgets and reduced staffing levels due to vacancies and elimination of positions has resulted in increased deferred maintenance and repair of facilities, infrastructure, vehicles and equipment, which in turn will result in significant increases in costs of future capital repair and replacement. A shortage of staff resources will impact the ability to adequately handle the exit and replacement of retiring "baby boom" generation employees in a timely and effective manner. On the positive side, the conversion of parking ramps from being fully staffed to pay-on-foot has resulted in significant overall savings to the city. Successful implementation of energy savings measures and utilization of grants for energy improvements has resulted in efficiencies and operating cost savings. Examples of continued efforts in this area are the recent one-million dollar grant for the Steam Plant and anticipated savings in excess of \$45,000 annually due to the planned street light retrofits.

	2004	2005	2006	2007	Difference
Budgeted FTE's	66.0	65.0	65.0	61.3	(3.8)

	2004	2005	2006	2007	
Expenditures	Actual	Actual	Budget	Budget	Difference
Permanent Salaries	3,162,355	3,178,548	3,471,000	3,299,900	(171,100)
Overtime	20,680	22,612	7,000	7,000	0
Temporaries	77,544	51,529	52,000	68,000	16,000
Total Personal Services	3,260,579	3,252,689	3,530,000	3,374,900	(155,100)
Benefits	820,313	848,520	969,500	968,200	(1,300)
Other Expense	2,963,021	2,973,257	3,022,700	3,189,100	166,400
Capital Outlay	0	0	0	0	0
	1				
Department Total	7,043,913	7,074,466	7,522,200	7,532,200	10,000

Human Resources

Provide human resources management and labor relations support services to the operating departments. The division also provides workers' compensation claims handling and loss control.

Budgeted FTE's	2004	2005	2006	2007	Difference
Manager, Pers. Services	1	1	1	1	0
Labor Relations Spec.	0	0	1	1	0
Safety & Trng Officer	0	0	0	1	1
Safety & Trng Specialist	0	0	0	0.25	0.25
Personnel Tech/Analyst	3	3	3	3	0
Employee Benefits	1	1	1	1	0
Chief Comm Officer	1	1	1	0	(1)
Graphics Coordinator	1	1	1	0	(1)
Clerical	1	1	1	2	1
Division Total	8	8	9	9.25	0.25

	2004	2005	2006	2007	
Expenditures	Actual	Actual	Budget	Budget	Difference
Personal Services					
Permanent Salaries	446,117	439,819	525,200	479,000	(46,200)
Overtime	0	163	0	0	0
Temporaries	5,953	4,752	7,000	7,000	0
Total Salaries	452,070	444,734	532,200	486,000	(46,200)
Benefits	113,808	115,191	140,600	137,900	(2,700)
Other Expense					
Materials & Supplies	6,864	5,299	7,400	7,400	0
Services	9,371	10,280	8,000	8,000	0
Utilities & Maintenance	1,217	1,312	1,800	1,800	0
Other	21,667	13,329	14,000	14,800	800
Total Other Expense	39,119	30,220	31,200	32,000	800
Capital Outlay	0	0	0	0	0
Division Total	604,997	590,145	704,000	655,900	(48,100)

Human Resources 100-015-1510

EXPE	INSE DETAIL	2003 Actual	2004 Actual	2005 Actual	2006 Budget	2007 Budget
DEDC	ONAL SERVICES					
5100	Permanent Employees - Regular	469.260	446.117	439.819	525,200	479,000
5101	Permanent Employees - Overtime	0	0	163	0	0
5103	Temporary Employees	8,197	5,953	4,752	7,000	7,000
	TOTAL	477,457	452,070	444,734	532,200	486,000
OTHER	R EXPENDITURES					
5200	Office Supplies	3,627	4,334	5,221	6,000	6,000
5201	Computer Supplies/Software	215	1,916	34	500	500
5202	Audiovisual and Photography	404	109	44	300	300
5219	Other Miscellaneous Supplies	213	505	0	600	600
5319	Other Professional Services	0	0	1,476	0	0
5321	Telephone	432	939	1,172	0	0
5331	Travel (Business)	250	203	2,632	0	0
5334	Training Expenses	3,941	3,986	0	4,000	4,000
5335	Mileage Reimbursement-Local	0	0	0	0	0
5355	Printing and Copying	3,402	4,243	5,000	4,000	4,000
5404	Equipment Repair & Maintenance	764	1,217	1,312	1,800	1,800
5433	Dues and Subscriptions	247	104	477	0	0
5435	Books and Pamphlets	48	32	93	1,000	1,000
5441	Other Services and Charges	5,020	11,456	3,648	3,000	3,800
5443	Board/Meeting Expenses	0	0	0	0	0
5446	Continuing Education	8,330	10,075	9,111	10,000	10,000
	TOTAL	26,893	39,119	30,220	31,200	32,000
	SUBTOTAL	504,350	491,189	474,954	563,400	518,000
EMPLO	DYEE BENEFITS					
5121	P.E.R.A.	26,182	24,668	23,733	31,500	29,900
5122	F.I.C.A. Social Security	28,759	33,547	26,519	33,000	30,100
5123	F.I.C.A. Medicare	6,726	170	6,344	7,700	7,000
5131	Health Insurance	52,747	50,723	54,179	62,600	66,200
5132	Dental Insurance	3,003	2,993	2,907	3,900	2,900
5133	Life Insurance	1,897	1,707	1,509	1,900	1,800
	TOTAL	119,314	113,808	115,191	140,600	137,900
DIVISIO	ON TOTAL	623,664	604,997	590,145	704,000	655,900

Budget Office

Provides budgetary and operation analysis as requested by the Administration, for all city departments and divisions. Provides the staff function relative to budget planning forecasting and maintenance.

This office was moved into the Finance Department in 2006 and is now part of Finance Administration.

Budgeted FTE's	2004	2005	2006	2007	Difference
Mgr, Fiscal Analysis	1	1	1	0	(1)
Financial Analyst	1	1	1	0	(1)
Clerical	1	1	1	0	(1)
Division Total	3	3	3	0	(3)

	2004	2005	2006	2007	
Expenditures	Actual	Actual	Budget	Budget	Difference
Personal Services					
Permanent Salaries	176,469	185,885	187,300	0	(187,300)
Overtime	0	102	0	0	0
Temporaries	0	0	0	0	0
Total Salaries	176,469	185,987	187,300	0	(187,300)
Benefits	41,336	46,514	50,400	0	(50,400)
Other Expense					
Materials & Supplies	1,466	2,060	900	0	(900)
Services	1,227	869	1,800	0	(1,800)
Utilities & Maintenance	0	0	0	0	0
Other	743	952	1,300	0	(1,300)
Total Other Expense	3,436	3,881	4,000	0	(4,000)
Capital Outlay	0	0	0	0	0
Division Total	221,241	236,382	241,700	0	(241,700)

Budget Office 100-015-1511

EXPE	NSE DETAIL	2003 Actual	2004 Actual	2005 Actual	2006 Budget	2007 Budget
PERSO	ONAL SERVICES					
5100	Permanent Employees - Regular	171,774	176,469	185,885	187,300	
5101	Permanent Employees - Overtime	0	0	102	0	
5103	Temporary Employees	0	0	0	0	
	TOTAL	171,774	176,469	185,987	187,300	
OTHER	R EXPENDITURES					
5200	Office Supplies	1,284	225	757	700	
5201	Computer Supplies/Software	0	820	31	200	
5241	Small Equipment	0	421	1,272	0	
5334	Training Expenses	0	0	0	1,000	
5355	Printing and Copying	1,762	1,227	869	800	
5433	Dues and Subscriptions	180	185	193	300	
5434	Grants & Awards	450	500	500	500	
5435	Books and Pamphlets	0	0	259	200	
5441	Other Services and Charges	0	58	0	300	
	TOTAL	3,676	3,436	3,881	4,000	
	SUBTOTAL	175,450	179,905	189,868	191,300	
EMPLO	DYEE BENEFITS					
5121	P.E.R.A.	9,333	9,573	10,114	11,200	
5122	F.I.C.A. Social Security	10,486	13,325	11,296	11,600	
5123	F.I.C.A. Medicare	2,452	63	2,695	2,700	
5131	Health Insurance	15,523	16,742	20,688	23,000	
5132	Dental Insurance	879	1,021	1,131	1,300	
5133	Life Insurance	595	612	590	600	
	TOTAL	39,268	41,336	46,514	50,400	
DIVISIO	ON TOTAL	214,718	221,241	236,382	241,700	

City Clerk

Secretary to the City Council, charter commissions, Alcoholic Beverage Board, and Charitable Gambling Commission; and staff support to the Women's Commission and the Mayor's Appointment Advisory Committee. Maintains the official proceedings and legislative code, administers the information management program (records center, microfilming etc.) and performs functions of Municipal Clerk as required by law in the areas of elections, voter registration and issuance of licenses.

Budgeted FTE's	2004	2005	2006	2007	Difference
City Clerk	1	1	1	1	0
Assistant City Clerk	1	1	1	1	0
Clerical	5	5	5	4	(1)
Division Total	7	7	7	6	(1)

	2004	2005	2006	2007	
Expenditures	Actual	Actual	Budget	Budget	Difference
Personal Services					
Permanent Salaries	333,760	344,096	365,200	337,400	(27,800)
Overtime	1,857	620	1,000	1,000	0
Temporaries	64,813	29,011	45,000	45,000	0_
Total Salaries	400,430	373,727	411,200	383,400	(27,800)
Benefits	84,520	93,688	109,500	112,800	3,300
Other Expense					
Materials & Supplies	6,774	2,121	2,700	4,600	1,900
Services	9,577	22,074	32,600	32,600	0
Utilities & Maintenance	6,923	7,977	7,000	8,000	1,000
Other	3,591	4,392	4,000	4,800	800
Total Other Expense	26,865	36,564	46,300	50,000	3,700
Capital Outlay	0	0	0	0	0
Division Total	511,815	503,979	567,000	546,200	(20,800)

City Clerk 100-015-1512

EXPE	NSE DETAIL	2003 Actual	2004 Actual	2005 Actual	2006 Budget	2007 Budget	
PERSONAL SERVICES							
5100	Permanent Employees - Regular	332.815	333.760	344.096	365.200	337,400	
5101	Permanent Employees - Overtime	1,111	1,857	620	1,000	1,000	
5103	Temporary Employees	46,464	64,813	29,011	45,000	45,000	
0100	TOTAL	380,390	400,430	373,727	411,200	383,400	
OTHER	R EXPENDITURES						
5200	Office Supplies	2,010	2,699	2,024	700	2,100	
5201	Computer Supplies/Software	70	54	0	500	500	
5219	Other Miscellaneous Supplies	1,571	4,021	97	1,500	2,000	
5322	Postage	79,573	0	0	0	0	
5334	Training Expenses	1,089	698	1,831	2,000	2,000	
5335	Mileage	75	93	0	0	0	
5355	Printing and Copying	34,489	8,786	20,243	30,600	30,600	
5404	Equipment Repair & Maintenance	6,406	6,923	7,977	7,000	8,000	
5412	Building Rental	860	960	640	900	900	
5433	Dues & Subscriptions	230	356	370	400	400	
5441	Other Services and Charges	6,764	2,275	3,382	2,700	3,500	
	TOTAL	133,137	26,865	36,564	46,300	50,000	
	SUBTOTAL	513,527	427,295	410,291	457,500	433,400	
EMPLO	DYEE BENEFITS						
5121	P.E.R.A.	18,359	18,150	18,807	22,000	21,100	
5122	F.I.C.A. Social Security	19,124	24,350	19,981	25,500	23,800	
5123	F.I.C.A. Medicare	4,476	138	4,762	6,000	5,600	
5131	Health Insurance	37,287	38,206	46,256	51,600	58,900	
5132	Dental Insurance	2,086	2,302	2,554	3,000	2,100	
5133	Life Insurance	1,412	1,374	1,328	1,400	1,300	
	TOTAL	82,744	84,520	93,688	109,500	112,800	
DIVISIO	ON TOTAL	596,271	511,815	503,979	567,000	546,200	

Management Information Systems

Provides services for city departments and authorities in the area of financial accounting, payroll, special assessments, sales tax, purchasing, building inspections, city clerk, utility billing/receivables, and assessor's data base. Serves as a clearinghouse for personal computer questions, configurations, installations, in addition to advisors in most software or hardware acquisitions and local area (LAN) development. Mapping and geographical information systems (GIS) development is also a major program.

Budgeted FTE's	2004	2005	2006	2007	Difference
Manager, MIS	1	1	1	1	0
Information Systems Mgr	1	0	0	0	0
Sr Programmer Analyst	4	4	4	3	(1)
Programmer Analyst	2	2	2	2	0
Network Administrator	0	1	1	1	0
Telecom Administrator	0	0	0	1	1
Graphics Coordinator	0	0	0	1	1
GIS Specialist	2	2	2	2	0
Suppport Analyst	2	1	2	3	1
Sr. Computer Operator	3	3	3	0	(3)
Quality Assurance Analyst	0	0	0	2	2
Clerical	1	1	1	1	0
Division Total	16	15	16	17	1

	2004	2005	2006	2007	
Expenditures	Actual	Actual	Budget	Budget	Difference
Personal Services					
Permanent Salaries	829,066	756,502	917,700	1,017,200	99,500
Overtime	9,043	6,537	2,000	2,000	0
Temporaries	6,778	11,367	0	16,000	16,000
Total Salaries	844,887	774,406	919,700	1,035,200	115,500
Benefits	209,430	194,512	244,400	283,100	38,700
Other Expense					
Materials & Supplies	128,585	116,747	113,300	113,800	500
Services	33,729	34,339	75,500	35,200	(40,300)
Utilities & Maintenance	57,646	69,005	72,700	72,700	0
Other	200	243	300	300	0
Total Other Expense	220,160	220,334	261,800	222,000	(39,800)
Capital Outlay	0	0	0	0	0
Division Total	1,274,477	1,189,252	1,425,900	1,540,300	114,400

EXPE	NSE DETAIL	2003 Actual	2004 Actual	2005 Actual	2006 Budget	2007 Budget	
PERSONAL SERVICES							
5100	Permanent Employees - Regular	862,153	829,066	756,502	917,700	1,017,200	
5100	Permanent Employees - Overtime	1,416	9,043	6,537	2,000	2,000	
5103	Temporary Employees	941	6,778	11,367	2,000	16,000	
0100	TOTAL	864,510	844,887	774,406	919,700	1,035,200	
OTHER	R EXPENDITURES						
5200	Office Supplies	585	1,525	1,267	1,500	2,000	
5201	Computer Supplies/Software	91,339	113,799	111,479	99,800	99,800	
5203	Computer Paper	11,516	11,445	3,609	12,000	12,000	
5241	Small Equip(Office/Operating)	1,212	1,816	392	0	0	
5309	Data Processing	24,347	17,557	20,111	18,900	19,000	
5319	Other Professional Services	63,370	13,344	4,071	50,800	5,800	
5321	Telephone	1,183	635	3,627	1,400	4,000	
5334	Training Expenses	450	1,970	6,151	4,000	6,000	
5,335	Mileage	280	183	325	300	300	
5355	Printing and Copying	0	40	54	100	100	
5404	Equipment Repair & Maintenance	36,201	57,646	69,005	72,700	72,700	
5433	Dues and Subscriptions	92	200	243	300	300	
	TOTAL	230,575	220,160	220,334	261,800	222,000	
	SUBTOTAL	1,095,085	1,065,047	994,740	1,181,500	1,257,200	
EMPLO	OYEE BENEFITS						
5121	P.E.R.A.	47.443	46,149	42,168	55,200	63,700	
5122	F.I.C.A. Social Security	50,852	60,428	45,820	57,100	64,200	
5123	F.I.C.A. Medicare	11,893	105	10,945	13,300	15,000	
5131	Health Insurance	89,952	94,322	87,914	108,500	130,600	
5132	Dental Insurance	4,886	5,259	5,039	6,900	5,900	
5133	Life Insurance	3,307	3,167	2,626	3,400	3,700	
	TOTAL	208,333	209,430	194,512	244,400	283,100	
DIVISIO	ON TOTAL	1,303,418	1,274,477	1,189,252	1,425,900	1,540,300	

Facilities Management

Division is involved with over 250 sites; 3,000 parcels of land and more than 150 buildings and structures owned by the city. Primary areas of responsibility are to recommend, implement and monitor capital and in-house construction, renovation and maintenance projects; administer contracts, leases, agreements, and related documents for office, residential and commercial use of city facilities and land; acquire and dispose of real estate and make recommendations for improvements; manage energy use, set energy policy and make recommendations towards increased energy efficiency.

Budgeted FTE's	2004	2005	2006	2007	Difference
Director, Admin Services	1	1	1	1	0
Building Mtce Supervisor	1	1	1	1	0
Supervisor, Real Property	1	1	1	1	0
Facilites Optn Supervisor	1	1	1	1	0
Project Coordinator	1	1	0	0	0
Public Info Coordinator	0	0	0	1	1
Recreation Specialist	0	0	1	1	0
Trades	7	8	8	7	(1)
Building Mtceperson	3	3	2	2	0
Janitorial	7	6	5	5	0
Parking Ramp	7	7	7	6	(1)
Clerical	1	1	1	1	0
Division Total	30	30	28	27	(1)

	2004	2005	2006	2007	
Expenditures	Actual	Actual	Budget	Budget	Difference
Personal Services					
Permanent Salaries	1,224,947	1,294,677	1,312,600	1,301,700	(10,900)
Overtime	9,780	15,190	4,000	4,000	0
Temporaries	0	6,399	0	0	0
Total Salaries	1,234,727	1,316,266	1,316,600	1,305,700	(10,900)
Benefits	339,333	365,207	388,600	396,500	7,900
Other Expense					
Materials & Supplies	210,126	180,911	160,800	204,900	44,100
Services	230,957	239,747	218,900	247,600	28,700
Utilities	1,740,200	1,752,900	1,807,800	1,940,000	132,200
Maintenance	86,261	72,628	72,500	72,500	0
Other	143,782	171,466	152,500	152,500	0
Transfers	257,214	260,466	260,600	260,600	0
Total Other Expense	2,668,540	2,678,118	2,673,100	2,878,100	205,000
Capital Outlay	0	0	0	0	0
Division Total	4,242,600	4,359,591	4,378,300	4,580,300	202,000

Facilities Management

EXPE	NSE DETAIL	2003	2004	2005	2006	2007
		Actual	Actual	Actual	Budget	Budget
PERSO	ONAL SERVICES					
5100	Permanent Employees - Regular	1,196,506	1,224,947	1,294,677	1,312,600	1,301,700
5101	Permanent Employees - Overtime	8,794	9,780	15,190	4,000	4,000
5103	Temporary Employees	0	0	6,399	0	0
	TOTAL	1,205,300	1,234,727	1,316,266	1,316,600	1,305,700
OTHE	R EXPENDITURES					
5200	Office Supplies	3,077	4,389	3,862	2,900	4,000
5211	Cleaning and Janitorial Supplies	18,459	18,219	13,705	16,000	20,000
5212	Motor Fuel			9,771		15,000
5219	Other Miscellaneous Supplies	2,122	2,138	5,913	2,400	6,400
5220	Repair & Maintenance Supplies	127,346	168,167	140,358	130,000	150,000
5228	Painting Supplies	7,872	7,285	5,658	8,500	8,500
5241	Small Equip (Office/Operating)	3,119	9,928	1,484	1,000	1,000
5319	Other Professional Services	83,858	76,886	88,438	74,600	88,300
5321	Telephone	151,522	139,705	132,173	135,000	150,000
5335	Mileage Reimbursement-Local	11,012	11,039	11,530	9,000	9,000
5355	Printing and Copying	1,389	3,327	7,606	300	300
5381	Electricity	550,343	522,878	466,702	472,800	525,000
5382	Water & Sewer (& Gas)	462,268	480,843	596,296	625,000	750,000
5384	Refuse Disposal	15,501	16,016	16,824	15,000	15,000
5385	Oil	2,047	1,626	3,164	2,500	2,500
5386	Steam	126,585	137,605	104,388	117,500	117,500
5389	Street Lighting	565,904	581,232	565,526	575,000	530,000
5401	Bldg/Structure Repair & Mtce	17,122	17,083	16,170	13,500	13,500
5402	Snow Removal	8,068	26,559	17,184	20,000	20,000
5404	Equipment Repair & Maintenance	15,271	17,307	16,089	19,000	19,000
5409	Fleet Services Charges	17,655	25,312	23,185	20,000	20,000
5411	Land Rental/Easements	1,300	1,200	1,200	1,600	1,600
5412	Building Rental	115,478	113,444	130,344	135,000	135,000
5415	Vehicle/Equipment Rental	1,004	1,449	3,746	500	500
5433	Dues and Subscriptions	1,192	1,118	1,674	1,800	1,800
5441	Other Services and Charges	18,017	24,396	32,345	11,100	11,100
5450	Laundry	2,005	2,175	2,157	2,500	2,500
5730	Transfer to Debt	263,801	257,214	260,626	260,600	260,600
	TOTAL	2,593,337	2,668,540	2,678,118	2,673,100	2,878,100
	SUBTOTAL	3,798,637	3,903,267	3,994,384	3,989,700	4,183,800
EMPLO	OYEE BENEFITS					
5121	P.E.R.A.	66,298	67,209	71,069	79,000	81,600
5122	F.I.C.A. Social Security	71,317	91,490	79,194	81,600	81,000
5123	F.I.C.A. Medicare	16,768	939	19,004	19,100	18,900
5131	Health Insurance	155,636	164,363	179,575	190,800	199,800
5132	Dental Insurance	8,618	9,568	10,756	12,200	9,400
5133	Life Insurance	5,835	5,764	5,609	5,900	5,800
	TOTAL	324,472	339,333	365,207	388,600	396,500
DIVISIO	ON TOTAL	4,123,109	4,242,600	4,359,591	4,378,300	4,580,300

Architect's Office

The City Architect provides in-house architectural services for the city; administers and manages contracts with outside architects and their consultants; manages the capital improvement program; manages city-owned building construction and restoration projects; and approves compliance with applicable building codes and requirements.

Budgeted FTE's	2004	2005	2006	2007	Difference
City Architect	1	1	1	1	0
Project Architect	1	1	1	1	0
Division Total	2	2	2	2	0
Even a sa alikuwa a	2004	2005	2006	2007	
Expenditures	Actual	Actual	Budget	Budget	Difference

	2004	2005	2006	2007	
Expenditures	Actual	Actual	Budget	Budget	Difference
Personal Services					
Permanent Salaries	151,996	157,569	163,000	164,600	1,600
Overtime	0	0	0	0	0
Temporaries	0	0	0	0	0
Total Salaries	151,996	157,569	163,000	164,600	1,600
Benefits	31,886	33,408	36,000	37,900	1,900
Other Expense					
Materials & Supplies	1,646	338	800	800	0
Services	1,792	2,109	4,000	4,200	200
Utilities & Maintenance	0	0	0	0	0
Other	1,463	1,533	1,500	2,000	500
Total Other Expense	4,901	3,980	6,300	7,000	700
Capital Outlay	0	0	0	0	0
Division Total	188,783	194,957	205,300	209,500	4,200

Architect Office 100-015-1516

EXPE	INSE DETAIL	2003 Actual	2004 Actual	2005 Actual	2006 Budget	2007 Budget
PERSO	ONAL SERVICES					
5100	Permanent Employees - Regular	160,512	151,996	157,569	163,000	164,600
5101	Permanent Employees - Overtime	0	0	0	0	0
5103	Temporary Employees	0	0	0	0	0
	TOTAL	160,512	151,996	157,569	163,000	164,600
OTHER	R EXPENDITURES					
5200	Office Supplies	414	1,559	338	500	500
5202	Audiovisual & Photography	0	0	0	100	100
5219	Other Miscellaneous Supplies	57	87	0	200	200
5241	Small Equipment	332	0	0	0	0
5334	Training Expenses	1,492	390	1,234	1,500	1,500
5335	Mileage Reimbursement-Local	580	694	875	1,200	1,200
5355	Printing and Copying	664	708	0	1,300	1,500
5433	Dues and Subscriptions	808	818	875	1,000	1,000
5435	Books & Pamphlets	117	0	57	200	200
5441	Other Services and Charges	285	645	601	300	800
	TOTAL	4,749	4,901	3,980	6,300	7,000
	SUBTOTAL	165,261	156,897	161,549	169,300	171,600
EMPLO	DYEE BENEFITS					
5121	P.E.R.A.	8,672	8,202	8,495	9,800	10,300
5122	F.I.C.A. Social Security	9,916	11,281	9,733	10,100	10,200
5123	F.I.C.A. Medicare	2,319	70	2,297	2,400	2,400
5131	Health Insurance	11,706	11,215	11,704	12,400	13,900
5132	Dental Insurance	682	698	775	900	700
5133	Life Insurance	462	420	404	400	400
	TOTAL	33,757	31,886	33,408	36,000	37,900
DIVISIO	ON TOTAL	199,018	188,783	194,957	205,300	209,500



Planning and Development Physical Planning



Planning and Development

Division

Physical Planning

The department includes the divisions of Physical Planning, which is presented here as a General Fund division, and divisions of Community Development and Workforce Development. Those divisions are accounted for in the Special Revenue Funds section.

Mission and Core Services

The department's mission is to provide vision, leadership, and resources to improve and enhance Duluth's economic, social and physical environment in cooperative relationships with citizens.

Major Budget Issues

One of the major priorities identified by the Mayor, Administration and the City Council is the adoption of a new zoning code. With the completion of the comprehensive land use management plan, the city will begin updating the current zoning code. A consulting firm will be hired to assist in the process, with the end result being a new "form-based" code. There is \$60,000 budgeted in the department's operating expense for this purpose.

	2004	2005	2006	2007	Difference
Budgeted FTE's	9	6	6	6	0

	2004	2005	2006	2007	
Expenditures	Actual	Actual	Budget	Budget	Difference
Permanent Salaries	426,342	336,820	363,400	361,400	(2,000)
Overtime	0	0	0	0	0
Temporaries	4,320	550	0	0	0
Total Personal Services	430,662	337,370	363,400	361,400	(2,000)
Benefits	104,350	86,918	93,000	99,000	6,000
Other Expense	41,818	127,133	130,000	130,000	0
Capital Outlay	0	0	0	0	0
Department Total	576,830	551,421	586,400	590,400	4,000

Physical Planning

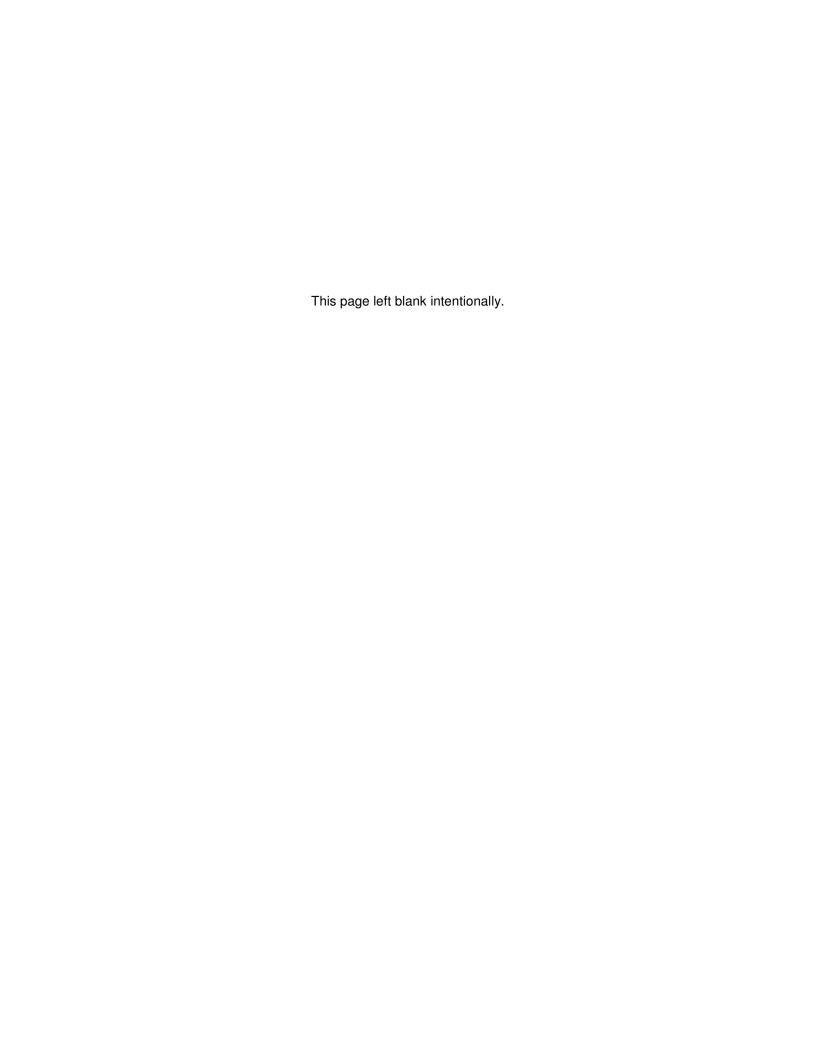
Provides guidance for the growth, development, and redevelopment of the community through the preparation and implementation of plans for the city's future.

The function of Business Development was moved out of this division in 2005 and is now part of the Administrative Assistant's Office in the Legislative & Executive Department.

Budgeted FTE's	2004	2005	2006	2007	Difference
Director, Plng & Develop.	1	1	1	1	0
Mgr. Business Develop.	1	0	0	0	0
Assistant Business Dev.	1	0	0	0	0
Sr. Planner	2	2	2	2	0
Planner II & I	2	2	2	2	0
Clerical	2	1	1	1	0
Division Total	9	6	6	6	0

	2004	2005	2006	2007	
Expenditures	Actual	Actual	Budget	Budget	Difference
Personal Services					
Permanent Salaries	426,342	336,820	363,400	361,400	(2,000)
Overtime	0	0	0	0	0
Temporaries	4,320	550	0	0	0
Total Salaries	430,662	337,370	363,400	361,400	(2,000)
Benefits	104,350	86,918	93,000	99,000	6,000
Other Expense					
Materials & Supplies	6,082	3,330	14,800	14,800	0
Services	23,141	110,609	98,500	98,500	0
Utilities & Maintenance	1,717	1,308	7,000	2,000	(5,000)
Other	10,878	11,886	9,700	14,700	5,000
Total Other Expense	41,818	127,133	130,000	130,000	0
Capital Outlay	0	0	0	0	0
Division Total	576,830	551,421	586,400	590,400	4,000

EXPE	NSE DETAIL	2003 Actual	2004 Actual	2005 Actual	2006 Budget	2007 Budget
PERSO	ONAL SERVICES					
5100	Permanent Employees - Regular	470,943	426,342	336,820	363,400	361,400
5101	Permanent Employees - Overtime	76	0	0	0	0
5103	Temporary Employees	0	4,320	550	0	0
	TOTAL	471,019	430,662	337,370	363,400	361,400
OTHER	R EXPENDITURES					
5200	Office Supplies	3,297	4,129	2,914	6.500	6,500
5201	Computer Supplies/Software	0	143	0	5,500	5,500
5202	Audiovisual & Photography	0	107	0	300	300
5219	Other Miscellaneous Supplies	216	128	13	1,500	1,500
5241	Small Equipment	0	1,575	0	1,000	1,000
5310	Contract Services	0	0	87,025	0	0
5319	Other Professional Services	2,745	19,800	20,000	65,000	60,000
5321	Telephone	0	0	0	1,200	1,200
5322	Postage	602	241	96	300	300
5331	Travel (Business)	0	611	2,173	6,000	6,000
5334	Training Expenses	721	1,097	0	8,000	8,000
5335	Mileage Reimbursement-Local	451	342	434	2,000	2,000
5355	Printing and Copying	16,775	1,050	881	16,000	16,000
5404	Equipment Repair & Maintenance	0	0	0	4,000	4,000
5409	Fleet Services Charges	1,741	1,717	1,711	3,000	3,000
5418	Vehicle/Equipment Lease	2,136	4,106	5,365	0	5,000
5419	Other Rentals	0	0	0	500	500
5433	Dues and Subscriptions	1,942	2,892	2,151	3,800	3,800
5435	Books and Pamphlets	0	503	65	400	400
5441	Other Services and Charges	9,919	1,905	2,043	2,500	2,500
5443	Board/Meeting Expenses	1,583	1,472	2,262	2,500	2,500
5721	Federal Program Support	35,000	0	0	0	0
	TOTAL	77,128	41,818	127,133	130,000	130,000
	SUBTOTAL	548,147	472,480	464,503	493,400	491,400
EMPLO	OYEE BENEFITS					
5121	P.E.R.A.	25,420	23.079	18,490	21,800	22,600
5122	F.I.C.A. Social Security	27,656	29,182	20,317	22,500	22,400
5123	F.I.C.A. Medicare	6,590	0	4,872	5,300	5,200
5131	Health Insurance	49,492	47,847	39,729	39,600	45,400
5132	Dental Insurance	2,482	2,633	2,310	2,600	2,100
5133	Life Insurance	1,680	1,609	1,200	1,200	1,300
	TOTAL	113,320	104,350	86,918	93,000	99,000
DIVISIO	ON TOTAL	661,467	576,830	551,421	586,400	590,400



Finance

Finance Administration
City Assessor
City Auditor
Purchasing
City Treasurer



Divisions

Finance Administration Assessor Auditor Purchasing Treasurer

Finance Department

The department is responsible for the promotion, security and preservation of the financial interests of the city through the activities of the Director, the Auditor, Assessor, Treasurer and Purchasing agent.

Mission and Core Services

To provide accurate, prompt and courteous service to customers, both internal and external, while maintaining all prescribed requirements.

Major Budget Issues

The 2007 budget for the department includes the elimination of a finance technician in the Auditor's Office and a senior buyer in Purchasing. By itself, losing two positions out of 36 does not seem like it would cause much hardship. But, when considering the department has lost 25% of its budgeted positions since 1997, it is obvious there is a compounding effect, especially since externally mandated services and reporting requirements have led to an increased workload during the same time period. To compensate, there have been, and there will continue to be delays in performing duties and providing information and services to our customers, both internal and external. We continue to prioritize duties and services as to what is important or legally required, and what can be delayed, shifted, or eliminated.

Netting out the decrease of the two positions discussed above were two additional positions transferred in from the Budget Office, which was in the Department of Administrative Services.

	2004	2005	2006	2007	Difference
Budgeted FTE's	38.0	36.0	36.0	36.0	0

	2004	2005	2006	2007	
Expenditures	Actual	Actual	Budget	Budget	Difference
Permanent Salaries	2,060,590	2,114,007	2,100,500	2,146,500	46,000
Overtime	706	17,012	4,200	4,200	0
Temporaries	7,191	3,635	8,500	8,500	0
Total Personal Services	2,068,487	2,134,654	2,113,200	2,159,200	46,000
Benefits	516,506	512,227	557,200	594,900	37,700
Other Expense	130,477	115,750	122,800	129,900	7,100
Capital Outlay	0	0	0	0	0_
Department Total	2,715,470	2,762,631	2,793,200	2,884,000	90,800

Finance Administration

The division is comprised of the Finance Director, whose function was budgeted in the Auditor's Office and the Budget Office, which was transferred into the Finance Department in 2006.

Through the director, the division provides leadership and management for all divisions within the Finance Department and is responsible for the promotion, security and preservation of the financial assets and interests of the city. The division provides budget and operations analysis as requested by the Administration for all city departments, and performs the staff function relative to budget planning, development, forecasting and maintenance. The division issues and manages the debt program to service city needs.

Budgeted FTE's	2004	2005	2006	2007	Difference
Director, Finance				1	1
Manager, Fiscal Analysis				1	1
Financial Analyst				1	1
•					
Division Total				3	0

	2004	2005	2006	2007	
Expenditures	Actual	Actual	Budget	Budget	Difference
Personal Services	-				
Permanent Salaries				252,800	252,800
Overtime				0	0
Temporaries				0	0
Total Salaries				252,800	252,800
Benefits				57,600	57,600
Other Expense					
Materials & Supplies				1,000	1,000
Services				4,500	4,500
Utilities & Maintenance				0	0
Other				2,500	2,500
Total Other Expense				8,000	8,000
Capital Outlay				0	0
Division Total				318,400	318,400

EXPENSE DETAIL	2003	2004	2005	2006	2007
	Actual	Actual	Actual	Budget	Budget
PERSONAL SERVICES					
5100 Permanent Employees - Regular					252,800
5101 Permanent Employees - Negular					232,800
5103 Temporary Employees					0
TOTAL					252,800
I O I / L					202,000
OTHER EXPENDITURES					
5200 Office Supplies					1,000
5201 Computer Supplies/Software					500
5334 Training Expenses					2,500
5355 Printing and Copying					1,300
5433 Dues and Subscriptions					1,200
5434 Grants & Awards					500
5435 Books and Pamphlets					300
5441 Other Services and Charges					700
TOTAL					8,000
SUBTOTAL					260,800
EMPLOYEE BENEFITS					45.000
5121 P.E.R.A.					15,800
5122 F.I.C.A. Social Security					15,700
5123 F.I.C.A. Medicare					3,700
5131 Health Insurance					20,800
5132 Dental Insurance					1,000
5133 Life Insurance					<u>600</u>
TOTAL					57,600
DIVISION TOTAL					318,400

City Assessor

Value and reclassify all real estate and personal property in the City of Duluth for the purpose of the property tax and in accordance with Minnesota Statutes. Notify all taxpayers serves as the identifiable representative of the city. The Mayor's Office provides policy annually of the value and class assessed to their taxable parcels. Explain and defend property valuations and classifications at the local and county boards of review and in tax court. Process assessments for the street improvement program, sidewalks, utilities, and solid waste. Prepare tax analysis and projections for city departments. Assist and provide information to the public.

Budgeted FTE's	2004	2005	2006	2007	Difference
City Assessor	1	1	1	1	0
Assessment Sys Analyst	1	1	1	1	0
Appraiser	6	6	6	6	0
Office Coordinator	1	1	1	1	0
Clerical	2	2	2	2	0
Division Total	11	11	11	11	0

	2004	2005	2006	2007	
Expenditures	Actual	Actual	Budget	Budget	Difference
Personal Services					
Permanent Salaries	587,002	613,816	617,600	603,600	(14,000)
Overtime	569	233	0	0	0
Temporaries	0	65	0	0	0
Total Salaries	587,571	614,114	617,600	603,600	(14,000)
Benefits	145,964	159,060	168,900	174,000	5,100
Other Expense					
Materials & Supplies	4,959	2,969	2,500	2,500	0
Services	11,199	13,085	15,800	15,800	0
Utilities & Maintenance	655	536	4,000	4,000	0
Other	9,270	2,260	3,100	3,100	0
Total Other Expense	26,083	18,850	25,400	25,400	0
Capital Outlay	0	0	0	0	0
Division Total	759,618	792,024	811,900	803,000	(8,900)

City Assessor 100-030-1322

EXPEN	ISE DETAIL	2003	2004	2005	2006	2007
		Actual	Actual	Actual	Budget	Budget
DEDSON	VAL SERVICES					
5100	Permanent Employees - Regular	577,501	587,002	613,816	617,600	603,600
5101	Permanent Employees - Overtime	0	569	233	017,000	000,000
5103	Temporary Employees	0	0	65	0	0
0.00	TOTAL	577,501	587,571	614,114	617,600	603,600
OTHER	EXPENDITURES					
5200	Office Supplies	2,088	2,852	1,975	1,000	1,000
5201	Computer Supplies/Software	0	183	0	500	500
5202	Audiovisual and Photography	462	1,924	731	1,000	1,000
5334	Training Expenses	2,502	898	2,835	3,900	3,900
5335	Mileage Reimbursement-Local	5,234	4,355	3,548	6,500	6,500
5355	Printing and Copying	3,678	5,946	6,702	5,400	5,400
5404	Equipment Repair & Maintenance	0	55	0	2,000	2,000
5409	Fleet Services Charges	494	600	799	2,000	2,000
5418	Vehicle/Equipment Lease	0	5,435	0	0	0
5419	Other Rentals	4,125	0	0	200	200
5433	Dues and Subscriptions	3,594	2,927	1,464	2,500	2,500
5435	Books and Pamphlets	413	390	243	200	200
5438	Licenses	15	475	435	100	100
5441	Other Services and Charges	0	43	118	100	100
	TOTAL	22,605	26,083	18,850	25,400	25,400
	SUBTOTAL	600,106	613,654	632,964	643,000	629,000
EMPLOY	/EE BENEFITS					
5121	P.E.R.A.	31,797	32,363	33,613	37,100	37,700
5122	F.I.C.A. Social Security	35,117	43,467	37,275	38,300	37,400
5123	F.I.C.A. Medicare	8,213	185	8,880	8,900	8,800
5131	Health Insurance	59,158	64,150	72,856	77,500	83,900
5132	Dental Insurance	2,921	3,489	4,231	4,800	3,800
5133	Life Insurance	2,222	2,310	2,205	2,300	2,400
	TOTAL	139,428	145,964	159,060	168,900	174,000
DIVISION	N TOTAL	739,534	759,618	792,024	811,900	803,000

City Auditor

Properly audits, accounts and records accounting and payroll transactions in accordance with the city charter, city code and Governmental Accounting and Financial Reporting standards. Responsibilities include processing payroll, processing vendor payments, grant reporting, and monitoring internal controls over city assets, contracts and records. The office annually prepares the comprehensive annual financial report which is audited by the Minnesota Office of the State Auditor.

Budgeted FTE's	2004	2005	2006	2007	Difference
Director, Finance	1	1	1	0	(1)
City Auditor	1	1	1	1	0
Mgr, Payroll Systems	1	1	1	1	0
Financial Analyst	6	5	5	5	0
Financial Specialist	7	6	6	6	0
Admin Info Specialist	1	1	1	1	0
Financial Technician	1	1	1	0	(1)
Division Total	18	16	16	14	(2)

	2004	2005	2006	2007	
Expenditures	Actual	Actual	Budget	Budget	Difference
Personal Services					
Permanent Salaries	1,003,875	912,889	965,800	824,500	(141,300)
Overtime	137	14,223	4,200	4,200	0
Temporaries	0	0	0	0	0
Total Salaries	1,004,012	927,112	970,000	828,700	(141,300)
Benefits	250,262	220,994	250,500	229,100	(21,400)
Other Expense					
Materials & Supplies	4,669	8,769	7,000	7,000	0
Services	69,223	58,157	63,200	59,700	(3,500)
Utilities & Maintenance	207	375	300	300	0
Other	7,546	10,209	9,500	9,000	(500)
Total Other Expense	81,645	77,510	80,000	76,000	(4,000)
Capital Outlay	0	0	0	0	0
Division Total	1,335,919	1,225,616	1,300,500	1,133,800	(166,700)

City Auditor 100-030-1324

EXPE	NSE DETAIL	2003 Actual	2004 Actual	2005 Actual	2006 Budget	2007 Budget
	NAL SERVICES	000 016	1 002 975	912,889	965.800	924 500
5100 5101	Permanent Employees - Regular Permanent Employees - Overtime	988,916 0	1,003,875 137	14,223	4,200	824,500 4,200
5103	Temporary Employees	0	0	0	4,200	4,200
0.00	TOTAL	988,916	1,004,012	927,112	970,000	828,700
OTHER	REXPENDITURES					
5200	Office Supplies	5,557	2,690	4,642	5,000	5,000
5203	Paper/Stationery/Forms	2,440	1,979	3,299	2,000	2,000
5241	Small Equip(Office/Operating)	0	0	828	0	0
5309	Data Processing Services	60,302	65,137	51,866	54,500	52,000
5331	Travel	0	0	0	0	0
5334	Training Expenses	126	1,668	4,484	6,000	5,000
5355	Printing and Copying	2,641	2,418	1,807	2,700	2,700
5404	Equipment Repair & Maintenance	197	207	375	300	300
5418	Vehicle/Equipment Lease	4,911	4,686	5,369	6,000	6,000
5419	Other Rental	298	0	0	0	0
5433	Dues and Subscriptions	1,437	1,225	1,197	1,500	1,000
5435	Books and Pamphlets	379	419	901	500	500
5441	Other Services and Charges	2,090	1,216	2,742	1,500	1,500
	TOTAL	80,378	81,645	77,510	80,000	76,000
	SUBTOTAL	1,069,294	1,085,657	1,004,622	1,050,000	904,700
EMPLC	YEE BENEFITS					
5121	P.E.R.A.	55,045	54,698	49,142	58,200	51,800
5122	F.I.C.A. Social Security	59,335	73,796	56,481	60,100	51,400
5123	F.I.C.A. Medicare	13,877	382	13,500	14,200	12,000
5131	Health Insurance	106,555	111,634	93,179	107,800	106,000
5132	Dental Insurance	5,532	6,080	5,715	6,700	4,900
5133	Life Insurance	3,745	3,672	2,977	3,500	3,000
	TOTAL	244,089	250,262	220,994	250,500	229,100
DIVISIO	ON TOTAL	1,313,383	1,335,919	1,225,616	1,300,500	1,133,800

City Purchasing

Performs the materials requisition and procurement functions for the city. The emphasis is placed on value purchasing and encompasses purchasing the highest quality materials and services at the lowest possible cost. The division is also responsible for the disposal of excess or obsolete materials.

Budgeted FTE's	2004	2005	2006	2007	Difference
Purchasing Agent	1	1	1	1	0
Senior Buyer	2	2	2	1	(1)
Clerical	1	1	1	1	0
					0
Division Total	4	4	4	3	(1)

	2004	2005	2006	2007	
Expenditures	Actual	Actual	Budget	Budget	Difference
Personal Services					
Permanent Salaries	209,510	313,225	236,100	170,800	(65,300)
Overtime	0	323	0	0	0
Temporaries	0	0	0	0	0
Total Salaries	209,510	313,548	236,100	170,800	(65,300)
Benefits	54,631	62,810	64,100	55,200	(8,900)
Other Expense					
Materials & Supplies	4,045	4,172	3,300	2,300	(1,000)
Services	4,243	1,104	2,500	2,500	0
Utilities & Maintenance	110	0	1,000	0	(1,000)
Other	5,553	6,079	4,200	4,200	0
Total Other Expense	13,951	11,355	11,000	9,000	(2,000)
Capital Outlay	0	0	0	0	0
Division Total	278,092	387,713	311,200	235,000	(76,200)

City Purchasing 100-030-1325

EXPE	NSE DETAIL	2003 Actual	2004 Actual	2005 Actual	2006 Budget	2007 Budget
DEDSC	ONAL SERVICES					
5100	Permanent Employees - Regular	210,554	209,510	313,225	236,100	170,800
5101	Permanent Employees - Overtime	228	0	323	0	0
5103	Temporary Employees	0	0	0	0	0
	TOTAL	210,782	209,510	313,548	236,100	170,800
OTHER	R EXPENDITURES					
5200	Office Supplies	4,110	3,078	2,439	2,000	1,800
5201	Computer Supplies/Software	0	820	0	500	100
5219	Other Miscellaneous Supplies	51	147	89	800	400
5241	Small Equip(Office/Operating)	319	0	1,644	0	0
5334	Training Expenses	50	330	55	900	900
5335	Mileage Reimbursement-Local	0	512	0	300	300
5340	Advertising & Promotion	1,689	657	819	800	800
5355	Printing and Copying	109	2,744	230	500	500
5404	Equipment Repair & Maintenance	0	110	0	1,000	0
5418	Vehicle/Equipment Lease	3,353	3,380	4,255	2,500	2,500
5433	Dues and Subscriptions	1,682	1,209	1,010	1,000	1,000
5441	Other Miscellaneous	2,014	964	814	500	500
5443	Board/Meeting Expenses	0	0	0	200	200
	TOTAL	13,377	13,951	11,355	11,000	9,000
	SUBTOTAL	224,159	223,461	324,903	247,100	179,800
EMPLO	OYEE BENEFITS					
5121	P.E.R.A.	11,534	11,813	11,346	14,200	10,700
5122	F.I.C.A. Social Security	12,860	15,701	19,070	14,600	10,600
5123	F.I.C.A. Medicare	3,008	180	4,508	3,400	2,500
5131	Health Insurance	20,089	24,701	25,724	29,300	29,800
5132	Dental Insurance	1,060	1,396	1,419	1,700	1,000
5133	Life Insurance	717	840	743	900	600
	TOTAL	49,268	54,631	62,810	64,100	55,200
DIVISIO	ON TOTAL	273,427	278,092	387,713	311,200	235,000

City Treasurer

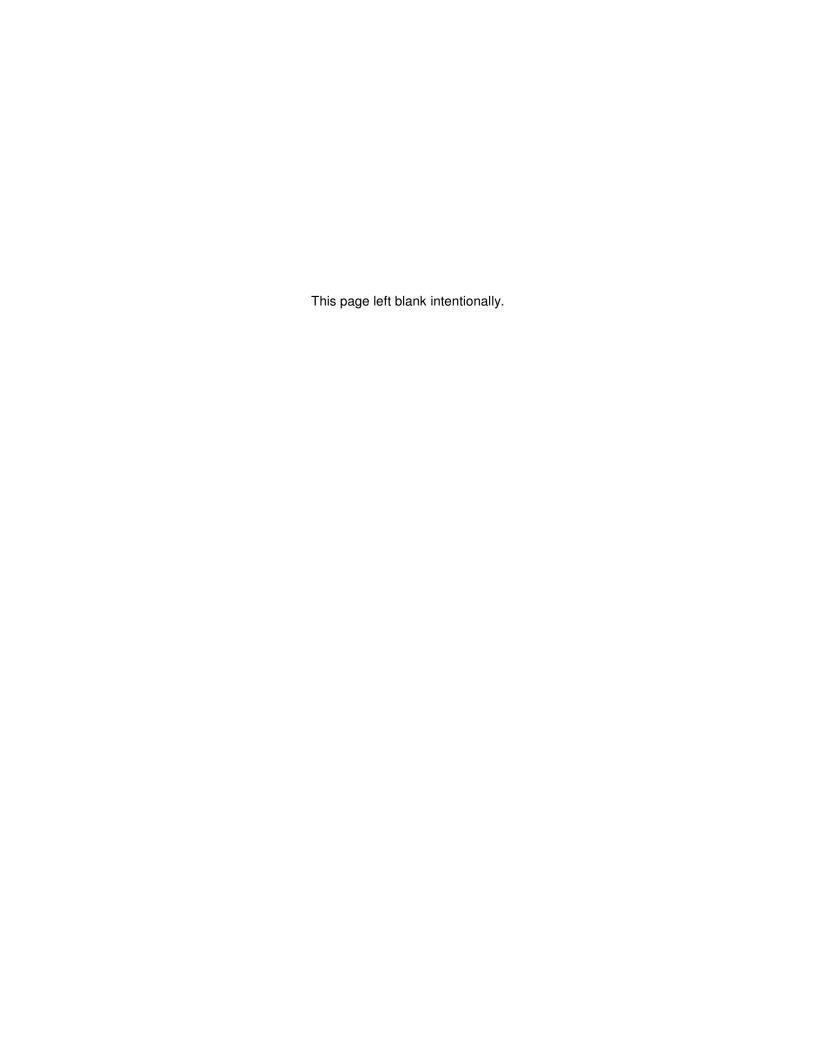
The Treasury has custody of all city funds, assures their effective use and security and provides organizational cash management, investment services and banking relations. The division administers and collects authorized local taxes, calculates and files required State and Federal taxes and manages other tax collection records. The Treasury is also the public source for recording and reporting per parcel assessment debt.

Budgeted FTE's	2004	2005	2006	2007	Difference
City Treasurer	1	1	1	1	0
Financial Analyst	1	1	1	1	0
Admin Financial Spec.	1	1	1	1	0
Finance Technician	2	2	2	2	0
Division Total	5	5	5	5	0

	2004	2005	2006	2007	
Expenditures	Actual	Actual	Budget	Budget	Difference
Personal Services					
Permanent Salaries	260,203	274,077	281,000	294,800	13,800
Overtime	0	2,233	0	0	0
Temporaries	7,191	3,570	8,500	8,500	0_
Total Salaries	267,394	279,880	289,500	303,300	13,800
Benefits	65,649	69,363	73,700	79,000	5,300
Other Expense					
Materials & Supplies	3,317	3,051	1,300	2,800	1,500
Services	4,112	3,472	3,400	6,000	2,600
Utilities & Maintenance	475	475	400	1,000	600
Other	894	1,037	1,300	1,700	400
Total Other Expense	8,798	8,035	6,400	11,500	5,100
Capital Outlay	0	0	0	0	0
Division Total	341,841	357,278	369,600	393,800	24,200

City Treasurer 100-030-1327

EXPE	INSE DETAIL	2003 Actual	2004 Actual	2005 Actual	2006 Budget	2007 Budget
PERSO	ONAL SERVICES					
5100	Permanent Employees - Regular	271,998	260,203	274,077	281,000	294,800
5101	Permanent Employees - Overtime	0	0	2,233	0	0
5103	Temporary Employees	5,362	7,191	3,570	8,500	8,500
	TOTAL	277,360	267,394	279,880	289,500	303,300
OTHER	R EXPENDITURES					
5200	Office Supplies	2,447	3,317	2,069	900	1,000
5201	Computer Supplies/Software	0	0	0	200	600
5241	Small Equip(Office/Operating)	187	0	982	200	1,200
5309	Data Processing Services	705	100	0	0	0
5334	Training Expenses	0	30	0	100	2,000
5355	Printing and Copying	4,245	3,982	3,472	3,300	4,000
5404	Equipment Repair & Maintenance	694	475	475	400	1,000
5433	Dues and Subscriptions	819	424	539	800	800
5435	Books and Pamphlets	0	0	103	200	200
5441	Other Services and Charges	544	470	395	300	700
	TOTAL	9,641	8,798	8,035	6,400	11,500
	SUBTOTAL	287,001	276,192	287,915	295,900	314,800
EMPLO	DYEE BENEFITS					
5121	P.E.R.A.	14,804	14,181	15,143	16,900	18,400
5122	F.I.C.A. Social Security	16,702	20,067	17,133	17,900	18,700
5123	F.I.C.A. Medicare	3,906	89	4,085	4,200	4,400
5131	Health Insurance	29,445	28,562	30,054	31,500	34,700
5132	Dental Insurance	1,628	1,718	1,938	2,200	1,700
5133	Life Insurance	1,103	1,032	1,010	1,000	1,100
	TOTAL	67,588	65,649	69,363	73,700	79,000
DIVISIO	ON TOTAL	354,589	341,841	357,278	369,600	393,800



Fire Administration
Fire Operations
Prevention and Training
Building Safety



Divisions

Fire Administration Fire Operations Fire Prevention Building Safety

Fire Department

The Fire Department provides service to the public in the areas of fire suppression, emergency medical, fire prevention, and fire and building code enforcement.

Mission and Core Services

Dedicated to save life and property by safeguarding citizens through progressive building inspection, fire prevention, public education, responding to emergencies, and adapting to meet the needs of our community.

Emergency Response

Fire Suppression
Emergency Medical Response
Hazardous Material Response
Auto Extrication
Water & Ice Rescue
Confined Space Rescue
High Level Rescue
Wildland Firefighting

Prevention

Fire Safety Education Fire Inspections Fire Related Grants Car Seat Clinics Incident Preplanning

Investigation and Safety

Related Services
Emergency Management
Fire Death Investigation
Fire Data Collection
Fire Investigation
Prosecution of Arson Cases

Enforcement and Inspection

Plan Review & Permit Approval Housing Code Enforcement Zoning Code Enforcement Fire Code Enforcement Construction Code Enforcement Solid Waste compliance Demolitions Complaints

Major Budget Issues

Within the original budget proposal, the department's 2007 budget contained a net reduction of four positions. The reduction would have required the elimination of a fire rig and housing inspector, reducing our emergency response capability and our ability to provide housing inspections.

The City Council approved an increase in the proposed 2007 property tax levy that was certified to the County in the amount of \$192,000 to restore the three firefighter positions.

The overall budget will increase by \$526,000. The increase is due to an additional \$95,000 in the overtime line, a \$299,100 increase in benefits caused by a state mandated rise in pension contributions, and a \$56,500 increase in operating expenses. This increase was needed due to rising fuel costs and the move towards budgeted lease vehicles vs. rolling stock capital purchases.

	2004	2005	2006	2007	Difference
Budgeted FTE's	159	154	159	158	(1)

	2004	2005	2006	2007	
Expenditures	Actual	Actual	Budget	Budget	Difference
Permanent Salaries	8,989,799	9,137,102	9,552,400	9,627,800	75,400
Overtime	435,676	813,848	362,000	457,000	95,000
Temporaries	0	6,696	0	0	0
Total Personal Services	9,425,475	9,957,646	9,914,400	10,084,800	170,400
Benefits	5,044,439	5,223,059	5,519,100	5,818,200	299,100
Other Expense	525,529	460,719	584,300	640,800	56,500
Capital Outlay	0	0	0	0	0
		_		_	
Department Total	14,995,443	15,641,424	16,017,800	16,543,800	526,000

Fire Administration

The Fire Chief and Deputy Chief make up the administration division. Together, they manage the department. This includes the creation and implementation of policies, budgets, long term planning, and emergency operations. The fire chief is the Duluth emergency manager and is responsible for all emergency functions and emergency preparedness.

Budgeted FTE's	2004	2005	2006	2007	Difference
Fire Chief	1	1	1	1	0
Deputy Fire Chief	1	1	1	1	0
Clerical	2	2	2	2	0
Division Total	4	4	4	4	0

	2004	2005	2006	2007	
Expenditures	Actual	Actual	Budget	Budget	Difference
Personal Services					
Permanent Salaries	271,827	300,118	283,100	286,300	3,200
Overtime	0	12,153	0	0	0
Temporaries	0	0	0	0	0
Total Salaries	271,827	312,271	283,100	286,300	3,200
Benefits	97,916	103,294	108,300	116,500	8,200
Other Expense					
Materials & Supplies	15,971	16,499	18,400	18,400	0
Services	5,596	7,720	10,400	12,400	2,000
Utilities & Maintenance	4,344	2,004	5,000	5,000	0
Other	5,029	5,165	6,100	6,100	0
Total Other Expense	30,940	31,388	39,900	41,900	2,000
Capital Outlay	0	0	0	0	0
Division Total	400,683	446,953	431,300	444,700	13,400

Fire Administration 100-100-1501

EXPE	NSE DETAIL	2003	2004	2005	2006	2007
		Actual	Actual	Actual	Budget	Budget
DEDC	ONAL SERVICES					
5100	Permanent Employees - Regular	262,724	271,827	300,118	283,100	286,300
5101	Permanent Employees - Overtime	0	0	12,153	0	0
5103	Temporary Employees	0	0	0	0	0
	TOTAL	262,724	271,827	312,271	283,100	286,300
OTHE	R EXPENDITURES					
5200	Office Supplies	1,753	2,150	1,780	3,700	3,700
5202	Audiovisual & Photography	160	0	41	200	200
5210	Plant/Operating Supplies	2,910	1,665	1,549	1,000	1,000
5211	Cleaning and Janitorial Supplies	5,371	6,016	5,756	5,000	5,000
5219	Other Miscellaneous Supplies	2,420	2,538	2,806	4,500	4,500
5220	Repair & Maintenance Supplies	956	893	1,476	600	600
5228	Painting Supplies	691	555	886	1,000	1,000
5229	Grounds/Sewer Maint Supplies	162	52	351	200	200
5240	Small Tools	752	291	75	200	200
5241	Small Equipment	6,305	1,811	1,779	2,000	2,000
5321	Telephone	1,887	1,916	1,960	1,000	3,000
5322	Postage	389	342	363	400	400
5334	Training Expenses	1,963	1,346	226	3,000	3,000
5335	Mileage	219	0	4,363	5,000	5,000
5355	Printing and Copying	2,214	1,992	808	1,000	1,000
5400	Miscellaneous Repair & Maintnce	1,424	4,078	1,790	3,000	3,000
5401	Bldg/Structure Repair & Maintnce	179	266	0	2,000	2,000
5404	Equipment Repair & Maintenance	426	0	214	0	0
5433	Dues and Subscriptions	1,556	1,380	1,747	2,000	2,000
5441	Other Services and Charges	2,260	1,149	918	1,500	1,500
5443	Board/Meeting Expenses	12	0	0	100	100
5490	Donations to Civic Orgns.	2,500	2,500	2,500	2,500	2,500
	TOTAL	36,509	30,940	31,388	39,900	41,900
	SUBTOTAL	299,233	302,767	343,659	323,000	328,200
EMPLO	DYEE BENEFITS					
5121	P.E.R.A.	18,838	21,023	22,914	25,500	28,300
5122	F.I.C.A. Social Security	5,752	6,041	5,601	5,800	5,900
5123	F.I.C.A. Medicare	1,349	0	1,332	1,400	1,400
5137	Firefighters Pension Contribution	43,800	43,800	43,800	43,800	46,500
5124	Health Insurance	22,462	24,816	27,333	29,300	32,200
5125	Dental Insurance	1,163	1,396	1,520	1,700	1,400
5126	Life Insurance	788	840	794	800	800
	TOTAL	94,152	97,916	103,294	108,300	116,500
DIVISI	ON TOTAL	393,385	400,683	446,953	431,300	444,700

Fire Operations

Three Assistant Chiefs (one for each shift) manage this division and all emergencies including fires, medical calls, hazardous materials response, rescues, and daily work duties for nine fire stations strategically located throughout the city. The training officer coordinates fire related drills, emergency medical training, training with outside agencies, compliance with state and federal regulations, safety guidelines, and overall training of the department.

Budgeted FTE's	2004	2005	2006	2007	Difference
Assistant Chief	3	3	3	3	0
Training Officer				1	1
Captain	39	39	39	39	0
Equipment Operator	42	41	41	42	1
Firefighter	42	40	43	42	(1)
Division Total	126	123	126	127	1

Expenditures	2004 Actual	2005 Actual	2006 Budget	2007 Budget	Difference
Personal Services	130000				Dinoronoo
Permanent Salaries	7,287,905	7,381,235	7,643,100	7,813,800	170,700
Overtime	424,481	785,883	355,000	450,000	95,000
Temporaries	0	0	0	0	0
Total Salaries	7,712,386	8,167,118	7,998,100	8,263,800	265,700
Benefits	4,497,587	4,649,428	4,869,200	5,162,400	293,200
Other Expense					
Materials & Supplies	56,893	59,734	78,000	115,500	37,500
Services	8,708	12,733	25,000	53,000	28,000
Utilities & Maintenance	267,457	186,376	240,000	230,000	(10,000)
Other	20,714	17,696	26,000	24,000	(2,000)
Total Other Expense	353,772	276,539	369,000	422,500	53,500
Capital Outlay	0	0	0	0	0
Division Total	12,563,745	13,093,085	13,236,300	13,848,700	612,400

Fire Operations 100-100-1502

EXPE	NSE DETAIL	2003 Actual	2004 Actual	2005 Actual	2006 Budget	2007 Budget
PERSO	ONAL SERVICES					
5100	Permanent Employees - Regular	7,206,596	7,287,905	7,381,235	7,643,100	7,813,800
5101	Permanent Employees - Overtime	309,474	424,481	785,883	355,000	450,000
5103	Temporary Employees	000,474	0	0	0	400,000
0.00	TOTAL	7,516,070	7,712,386	8,167,118	7,998,100	8,263,800
OTHE	R EXPENDITURES					
5205	Safety & Training Materials	242	430	320	1,000	3,500
5210	Plant/Operating Supplies	4,114	1,858	1,715	5,000	5,000
5212	Motor Fuel			26,793		35,000
5218	Uniforms	9,660	10,427	14,440	15,000	15,000
5219	Other Miscellaneous Supplies	11,648	17,129	13,220	20,000	20,000
5220	Repair & Maintenance Supplies	605	3,501	1,931	2,000	2,000
5241	Small Equipment	23,930	23,548	1,315	35,000	35,000
5305	Medical Fees					15,000
5319	Other Professional Services					15,000
5321	Telephone	5,548	5,531	9,567	20,000	18,000
5384	Refuse Disposal	3,072	3,177	3,166	5,000	5,000
5409	Fleet Services Charges	180,666	267,457	186,376	240,000	230,000
5441	Other Services and Charges	10,220	4,294	904	10,000	7,000
5450	Laundry	15,768	16,420	16,792	16,000	17,000
	TOTAL	265,473	353,772	276,539	369,000	422,500
	AL OUTLAY					
5580	Capital Equipment	0	0	0	0	0
		0	0	0	0	0
	SUBTOTAL	7,781,543	8,066,158	8,443,657	8,367,100	8,686,300
EMPLO	OYEE BENEFITS					
5121	P.E.R.A.	698,271	706,917	737,838	841,000	966,800
5122	F.I.C.A. Social Security	0	0	0	0	0
5123	F.I.C.A. Medicare	62,135	67,976	74,063	79,700	86,400
5137	Firefighters Pension Contribution	2,871,800	2,871,800	2,871,785	2,871,800	2,887,000
5124	Health Insurance	697,748	781,956	895,021	995,700	1,150,600
5125	Dental Insurance	38,673	42,897	46,484	54,600	44,200
5126	Life Insurance	26,391	26,041	24,237	26,400	27,400
	TOTAL	4,395,018	4,497,587	4,649,428	4,869,200	5,162,400
DIVISI	ON TOTAL	12,176,561	12,563,745	13,093,085	13,236,300	13,848,700

Fire Prevention

Supervised by the Fire Marshal, this division is responsible for code enforcement, fire investigation, public education, prosecution, fire inspections, permitting, complaints, and plan review.

Budgeted FTE's	2004	2005	2006	2007	Difference
Fire Marshal	1	1	1	1	0
Deputy Fire Marshal	2	2	2	2	0
Training Officer	1	1	1	0	(1)
Division Total	4	4	4	3	(1)

	2004	2005	2006	2007	
Expenditures	Actual	Actual	Budget	Budget	Difference
Personal Services					_
Permanent Salaries	270,016	297,930	297,600	228,600	(69,000)
Overtime	9,695	15,135	5,000	5,000	0
Temporaries	0	0	0	0	0
Total Salaries	279,711	313,065	302,600	233,600	(69,000)
Benefits	144,120	150,939	158,600	135,400	(23,200)
Other Expense					
Materials & Supplies	2,037	1,891	6,000	5,000	(1,000)
Services	23,254	29,141	36,300	15,300	(21,000)
Utilities & Maintenance	0	0	100	100	0
Other	5,978	9,260	6,700	3,200	(3,500)
Total Other Expense	31,269	40,292	49,100	23,600	(25,500)
Capital Outlay	0	0	0	0	0
,					
Division Total	455,100	504,296	510,300	392,600	(117,700)

Fire Prevention 100-100-1503

EXPE	NSE DETAIL	2003 Actual	2004 Actual	2005 Actual	2006 Budget	2007 Budget
DEDS	DNAL SERVICES				<u> </u>	
5100	Permanent Employees - Regular	276,946	270,016	297,930	297,600	228,600
5100	Permanent Employees - Overtime	12,001	9,695	15,135	5,000	5,000
5103	Temporary Employees	12,001	0,000	0	0,000	0,000
0100	TOTAL	288,947	279,711	313,065	302,600	233,600
OTHE	R EXPENDITURES					
5200	Office Supplies	424	468	648	500	500
5202	Audiovisual & Photography	789	1,131	622	2,500	2,500
5205	Safety & Training Materials	0	0	28	1,000	0
5219	Other Miscellaneous Supplies	793	438	593	2,000	2,000
5305	Medical Fees	8	8,662	9,472	12,000	0
5319	Other Professional Services	4,508	1,228	6,215	15,000	0
5322	Postage	0	0	0	100	100
5334	Training Expenses	4,093	3,495	2,516	4,000	4,000
5335	Mileage	10,808	9,869	10,898	5,000	11,000
5355	Printing and Copying	0	0	40	200	200
5400	Misc Repair & Maint Service	0	0	0	100	100
5435	Books and Pamphlets	1,585	522	775	1,500	3,000
5443	Board/Meeting Expenses	0	0	0	200	200
5446	Tuition Reimbursement	4,541	3,195	6,450	5,000	0
5459	Fire Safety Educ Acct	1,709	2,261	2,035	0	0
	TOTAL	29,258	31,269	40,292	49,100	23,600
	SUBTOTAL	318,205	310,980	353,357	351,700	257,200
EMPLO	DYEE BENEFITS					
5121	P.E.R.A.	25,751	27,016	26,733	31,800	27,300
5122	F.I.C.A. Social Security	0	0	0	0	0
5123	F.I.C.A. Medicare	1,479	2,285	3,244	3,300	2,200
5137	Firefighters Pension Contribution	87,685	87,685	87,700	87,700	69,900
5124	Health Insurance	17,491	24,898	30,999	33,200	34,400
5125	Dental Insurance	1,162	1,396	1,488	1,700	1,000
5126	Life Insurance	787	840	775	900	600
	TOTAL	134,355	144,120	150,939	158,600	135,400
DIVISI	ON TOTAL	452,560	455,100	504,296	510,300	392,600

Building SafetySupervised by the Building Official, this division handles all construction permitting, inspection, plan review, housing code enforcement, waste compliance, and demolition processing. Building safety's primary concern is public safety through education, review and enforcement.

Budgeted FTE's	2004	2005	2006	2007	Difference
Building Official	1	1	1	1	0
Solid Waste Compliance	1	0	1	1	0
Electrical Inspector	2	2	2	2	0
Plumbing Inspector	2	2	2	2	0
Construction Inspector	3	3	3	3	0
HVAC Inspector	1	1	1	1	0
Lead Housing Inspector	1	1	1	1	0
Housing Inspector	5	5	5	4	(1)
Plans Exam Leadworker	0	0	1	1	0
Plans Examiner	0	0	1	1	0
Plan Review Specialist	4	4	2	2	0
Zoning Coordinator	1	1	1	1	0
Admin Information Spec	1	1	2	2	0
Information Technician	2	2	2	2	0
Clerical Support Tech	1	0	0	0	0
Division Total	25	23	25	24	(1)

Expenditures	2004 Actual	2005 Actual	2006 Budget	2007 Budget	Difference
Personal Services					
Permanent Salaries	1,160,031	1,157,819	1,328,600	1,299,100	(29,500)
Overtime	1,500	677	2,000	2,000	0
Temporaries	0	6,696	0	0	0
Total Salaries	1,161,531	1,165,192	1,330,600	1,301,100	(29,500)
Benefits	304,816	319,398	383,000	403,900	20,900
Other Expense					
Materials & Supplies	5,311	11,435	5,800	20,800	15,000
Services	46,529	37,806	46,500	38,500	(8,000)
Utilities & Maintenance	20,630	8,877	12,000	12,000	0
Other	11,539	26,520	17,000	36,500	19,500
Building Demolition	25,539	27,862	45,000	45,000	0
Total Other Expense	109,548	112,500	126,300	152,800	26,500
Capital Outlay	0	0	0	0	0
Division Total	1,575,895	1,597,090	1,839,900	1,857,800	17,900

Building Safety 100-100-1504

EXPE	NSE DETAIL	2003	2004	2005	2006	2007
		Actual	Actual	Actual	Budget	Budget
PERSO	ONAL SERVICES					
5100	Permanent Employees - Regular	1,214,532	1,160,031	1,157,819	1,328,600	1,299,100
5101	Permanent Employees - Overtime	1,148	1,500	677	2,000	2,000
5103	Temporary Employees	, 0	0	6,696	0	0
	TOTAL	1,215,680	1,161,531	1,165,192	1,330,600	1,301,100
OTHE	R EXPENDITURES					
5200	Office Supplies	3,196	2,888	2,549	2,700	2,700
5202	Audiovisual & Photography	678	154	0	100	100
5205	Safety & Training Materials	33	89	0	1,000	1,000
5212	Motor Fuel			6,083	•	12,000
5219	Other Miscellaneous Supplies	576	2,060	387	1,000	1,000
5241	Small Equipment	1,372	120	2,416	1,000	4,000
5334	Training Expenses	8,825	9,179	5,091	5,000	15,000
5335	Mileage Reimbursement-Local	37,730	31,585	26,082	36,000	16,000
5355	Printing and Copying	6,025	5,765	6,633	5,500	7,500
5404	Equipment Repair & Maintenance	1,110	1,392	1,197	2,000	2,000
5409	Fleet Services Charges	19,027	19,238	7,680	10,000	10,000
5418	Vehicle/Equipment Lease	3,329	8,595	22,477	13,500	33,000
5419	Other Rentals	600	4	0	0	0
5433	Dues and Subscriptions	1,583	2,151	2,033	1,500	1,500
5435	Books & Pamphlets	1,334	227	1,461	1,000	1,000
5441	Other Services and Charges	150	423	283	700	700
5443	Board and Meeting Expenses	37	139	266	300	300
5453	Building Demolition	48,352	25,539	27,862	45,000	45,000
	TOTAL	133,957	109,548	112,500	126,300	152,800
	SUBTOTAL	1,349,637	1,271,079	1,277,692	1,456,900	1,453,900
EMPLO	OYEE BENEFITS					
5121	P.E.R.A.	67,606	64,020	63,413	79,800	81,300
5122	F.I.C.A. Social Security	70,656	84,426	69,558	82,500	80,700
5123	F.I.C.A. Medicare	16,524	377	16,641	19,300	18,900
5124	Health Insurance	142,614	143,113	156,814	185,300	209,400
5125	Dental Insurance	7,574	8,050	8,528	10,800	8,400
5126	Life Insurance	5,250	4,830	4,444	5,300	5,200
	TOTAL	310,224	304,816	319,398	383,000	403,900
DIVISI	ON TOTAL	1,659,861	1,575,895	1,597,090	1,839,900	1,857,800



Police Police Administration Patrol Investigative



Police Department

Divisions

Police Administration Patrol Investigative The department provides basic police protection, patrol, criminal investigation, public service, crime prevention, education, narcotics enforcement, traffic investigation, record keeping, animal control and radio repair services.

Mission and Values

The Duluth Police Department takes pride in working with the community as partners in providing neighborhood based services to enhance the quality of life. The department strives to promote and nurture the trust and confidence of our citizens by employing, applying, and living our core values which include:

P Prevention and Protection
R Respect and Responsibility
I Integrity and Involvement
D Dedication to Duty
E Employee Excellence

Values are the beliefs guiding an organization and the behavior of its employees. The most important beliefs are those that set forth the ultimate purpose of the organization. This mission statement provides the department with our next step back into the city's neighborhoods by developing and providing neighborhood based services.

Major Budget Issues

Budgeted FTE's

Capital Outlay

Under staffing and under funding continue to be the major issues facing the police department which dropped from a high of 156 officers to a decade low of 135 in 2005. In order to provide adequate policing service, the department must grow. Although the overtime budget has been increased for 2007, it may not reflect the actual funds needed or required. We will continue to monitor and manage the use of overtime as it relates to vacant positions and increasing demand for police services. Adjustments will be made to the department budget as necessary throughout the year. The department's ability to provide proper firearms training, or to provide an operations budget for the department's Tactical Response Team (TRT) has been hurt by prior budget cuts. This team provides important tactical assistance at the scene of barricaded armed suspects, hostage situations, and high risk search and warrant service.

Within the original budget proposal, there was a reduction of three sworn officers. Losing three police officers impacts the department in two ways - criminal investigations and community policing

The City Council approved an increase in the proposed 2007 property tax levy that was certified to the County in the amount of \$192,000 to restore the three officers. In addition to those three officers, the department is increasing the number of parking meter monitors for a net increase of one position over 2006.

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	2004	2005			
Expenditures	Actual	Actual	2006 Budget	2007 Budget	Difference
Permanent Salaries	9,304,664	10,012,790	10,495,300	10,638,800	143,500
Overtime	377,073	767,216	210,000	460,000	250,000
Temporaries	150	6,939	0	0	0
Total Personal Services	9,681,887	10,786,945	10,705,300	11,098,800	393,500
Benefits	2,957,679	3,282,815	3,517,100	3,894,600	377,500
Other Expense	962,212	1,133,374	848,400	1,115,400	267,000

Department Total 13,601,778 15,203,134 15,070,800 16,108,800 1,038,000

Police Administration

This division prepares, maintains and operates the budget. The Chief of Police works with command staff to ensure that the goals of the department are being met. Within the Administrative Division are the Professional Standards Bureau which includes Officer Development (training) and Internal Affairs. The effectiveness of the division is measured by a variety of factors including staff professionalism, outside funding sources solicited and maintained, and effectiveness of service delivery that is provided to the community.

Budgeted FTE's	2004	2005	2006	2007	Difference
Chief of Police	1	1	1	1	0
Deputy Chief	1	0	1	1	0
Lieutenant	3	3	1	3	2
Sergeant	6	6	3	2	(1)
Police Investigator	22	22	1	1	0
Crime Intelligence Analyst	0	0	0	1	1
Clerical	18	17	2	2	0
Police Records Coor.	1	1			
Electronics Leadworker	1	1			
Electronics Technician	2	1			
Animal Shelter Leadwrkr	1	1			
Sr Animal Shelter Tech	1	1			
Animal Shelter Tech	1	1			
Division Total	58	55	9	11	2

Expenditures	2004 Actual	2005 Actual	2006 Budget	2007 Budget	Difference
Personal Services					
Permanent Salaries	3,077,243	3,173,112	638,500	773,300	134,800
Overtime	341,835	194,241	0	10,000	10,000
Temporaries	0	0	0	0	0
Total Salaries	3,419,078	3,367,353	638,500	783,300	144,800
Benefits	902,576	991,489	190,300	252,300	62,000
Other Expense					
Materials & Supplies	64,398	222,779	26,500	199,000	172,500
Services	111,906	118,740	60,400	105,900	45,500
Utilities & Maintenance	539,338	479,837	560,300	575,300	15,000
Other	167,073	221,272	121,800	137,800	16,000
Total Other Expense	882,715	1,042,628	769,000	1,018,000	249,000
Capital Outlay	0	0	0	0	0
Division Total	5,204,369	5,401,470	1,597,800	2,053,600	455,800

EXPE	NSE DETAIL	2003	2004	2005	2006	2007
		Actual	Actual	Actual	Budget	Budget
PERSO	ONAL SERVICES					
5100	Permanent Employees - Regular	3,732,384	3,077,243	3,173,112	638,500	773,300
5101	Permanent Employees - Overtime	318,517	341,835	194,241	0	10,000
5103	Temporary Employees	0	0	0	0	0
	TOTAL	4,050,901	3,419,078	3,367,353	638,500	783,300
OTHER	R EXPENDITURES					
5200	Office Supplies	33,011	27,542	32,971	10,000	10,000
5201	Computer Supplies/Software	3,929	5,312	4,019	5,000	5,000
5202	Audiovisual & Photography	5,517	3,658	3,221	2,500	2,500
5211	Cleaning & Janitorial Supplies	7,289	3,696	0	2,500	2,500
5212	Motor Fuel			164,381		165,000
5219	Other Miscellaneous Supplies	3,932	7,382	4,479	0	5,000
5220	Repair & Maintenance Supplies	8,286	15,412	7,981	5,000	8,000
5241	Small Equipment	0	915	5,665	0	0
5245	Food for Animals	3,888	481	62	1,500	1,000
5305	Medical Fees	6,047	9,948	10,096	7,000	7,000
5319	Other Professional Services	22,687	27,566	29,264	13,500	30,000
5321	Telephone	64,311	52,914	58,863	30,000	45,000
5322	Postage	197	157	300	100	100
5334	Training Expenses	7,326	1,848	2,586	5,000	5,000
5335	Mileage	0	9,345	14,945	0	14,000
5355	Printing and Copying	4,840	9,307	2,113	4,000	4,000
5384	Refuse Disposal	879	821	573	800	800
5401	Bldg/Structure Repair & Mtce	6,000	9,809	6,500	5,300	5,300
5404	Equipment Repair & Maintenance	53,207	54,104	70,350	45,000	60,000
5409	Fleet Services Charge	436,245	475,425	402,987	510,000	510,000
5412	Building Rental	6,898	6,778	8,360	5,400	8,000
5418	Vehicle/Equipment Lease	12,467	11,807	11,866	0	12,000
5433	Dues and Subscriptions	1,341	2,500	2,920	1,000	1,000
5435	Books and Pamphlets	1,635	3,217	3,263	1,500	1,500
5437	Pawn Service	0	4,850	23,995	15,000	15,000
5438	Licenses	4,590	3,510	4,590	5,000	5,000
5441	Other Services and Charges	44,477	36,310	41,217	18,000	42,000
5443	Board/Meeting Expenses	156	578	669	800	800
5445	Care of Prisoners	40,000	40,000	50,000	40,000	0
5448	Police Training	67,353	55,023	71,892	32,600	50,000
5490	Donations to Civic Orgns.	2,500	2,500	2,500	2,500	2,500
	TOTAL	849,008	882,715	1,042,628	769,000	1,018,000
	SUBTOTAL	4,899,909	4,301,793	4,409,981	1,407,500	1,801,300
EMPLO	OYEE BENEFITS					
5121	P.E.R.A.	283,868	249,699	272,180	63,000	83,400
5122	F.I.C.A. Social Security	62,576	95,089	65,190	5,600	9,200
5123	F.I.C.A. Medicare	40,531	77	38,009	6,500	8,500
5136	Police Pension Contribution	266,200	190,800	190,800	40,500	46,200
5124	Health Insurance	343,940	336,186	391,865	68,900	98,700
5125	Dental Insurance	18,820	19,029	21,982	3,900	3,900
5126	Life Insurance	12,951	11,696	11,463	1,900	2,400
	TOTAL	1,028,886	902,576	991,489	190,300	252,300
DIVISIO	ON TOTAL	5,928,795	5,204,369	5,401,470	1,597,800	2,053,600

Police Patrol

The division divides the city into three policing districts --East, Central and West. Districts are designed to correspond to geography, calls for service, and demographic distribution. Patrol district structure also facilitates effective response times and officer safety issues. The department continues to move from a centralized department with a bifurcated chain of command to that decentralizes with a unified chain of command. This means the department moves into the neighborhoods and does not operate from a downtown centralized police headquarters. Services include patrol, criminal investigations, and community policing. This places all these services under a unified chain of command where one lieutenant directs the services of all officers working together as a team towards the same goal.

Budgeted FTE's	2004	2005	2006	2007	Difference
Deputy Chief	1	1	0	0	0
Captain	0	0	3	0	(3)
Lieutenant	3	3	0	3	3
Sergeant	17	17	15	18	3
Police Investigator	27	27	26	34	8
Police Officer	61	62	56	63	7
Clerical	0	0	1	7	6
Parking Monitor	4	4	0	0	0
Division Total	113	114	101	125	24

	2004	2005	2006	2007	
Expenditures	Actual	Actual	Budget	Budget	Difference
Personal Services					
Permanent Salaries	6,227,421	6,839,678	6,314,900	7,695,700	1,380,800
Overtime	292,138	572,975	150,000	350,000	200,000
Temporaries	150	6,939	0	0	0
Total Salaries	6,519,709	7,419,592	6,464,900	8,045,700	1,580,800
Benefits	2,055,103	2,291,326	2,140,200	2,863,600	723,400
Other Expense					
Materials & Supplies	61,267	79,482	16,500	35,500	19,000
Services	0	0	0	0	0
Utilities & Maintenance	0	0	0	0	0
Other	18,230	11,264	28,400	28,400	0
Total Other Expense	79,497	90,746	44,900	63,900	19,000
Capital Outlay	0	0	0	0	0
Division Total	8,654,309	9,801,664	8,650,000	10,973,200	2,323,200

Police Patrol 100-200-1620

EXPE	NSE DETAIL	2003 Actual	2004 Actual	2005 Actual	2006 Budget	2007 Budget
PERS	ONAL SERVICES					
5100	Permanent Employees - Regular	5,675,508	6,227,421	6,839,678	6,314,900	7,695,700
5101	Permanent Employees - Overtime	218,267	292,138	572,975	150,000	350,000
5103	Temporary Employees	0	150	6,939	0	0
0100	TOTAL	5,893,775	6,519,709	7,419,592	6,464,900	8,045,700
OTHE	R EXPENDITURES					
5205	Safety & Training Materials	1,355	1.602	3,426	1,500	1,500
5211	Cleaning and Janitorial Supplies	551	3,327	4,766	0	0
5218	Uniforms	32,175	37,022	43,598	8,000	27,000
5219	Other Miscellaneous Supplies	12,969	11,449	15,529	4,500	4,500
5241	Small Equip(Office/Operating)	5,032	601	3,606	2,500	2,500
5245	Food for Animals	1,896	7,266	8,557	0	0
5384	Refuse Disposal	1,787	1,927	2,366	0	0
5415	Vehicle/Equipment Rental	4,438	4,789	4,620	2,000	2,000
5441	Other Services and Charges	12,544	11,514	4,278	6,000	6,000
5448	Police Training				20,400	20,400
	TOTAL	72,747	79,497	90,746	44,900	63,900
CAPIT	AL OUTLAY					
5580	Capital Equipment	0	0	0	0	0
	TOTAL	0	0	0	0	0
	SUBTOTAL	5,966,522	6,599,206	7,510,338	6,509,800	8,109,600
EMPL	OYEE BENEFITS					
5121	P.E.R.A.	574,690	595,585	678,636	676,500	906,400
5122	F.I.C.A. Social Security	5,220	84,233	14,462	2,700	18,500
5123	F.I.C.A. Medicare	69,644	1,767	88,432	77,800	116,100
5136	Police Pension Contribution	554,700	630,111	630,111	560,800	664,800
5124	Health Insurance	576,374	682,982	815,128	758,200	1,087,400
5125	Dental Insurance	32,939	37,986	42,426	43,300	43,400
5126	Life Insurance	22,089	22,439	22,131	20,900	27,000
	TOTAL	1,835,656	2,055,103	2,291,326	2,140,200	2,863,600
DIVIS	ION TOTAL	7,802,178	8,654,309	9,801,664	8,650,000	10,973,200

Police Investigations

This unit is responsible for investigating crime in areas including assaults, murders, family violence, property crimes, drug and vice enforcement, auto theft and arson, and crime analysis. This division also includes support services which includes police records, word processing, license bureau and radio and telephone maintenance.

Budgeted FTE's	2004	2005	2006	2007	Difference
Lieutenant			2	2	0
Sergeant			7	4	(3)
Police Investigator			23	13	(10)
Police Officer			6	0	(6)
Police Records Coor.			1	1	0
Crime Intell Analyst			1	0	(1)
Electronics Leadworker			1	1	0
Electronics Technician			1	1	0
Animal Shelter Leadwrkr			1	1	0
Sr Animal Shelter Tech			1	1	0
Animal Shelter Tech			1	1	0
Parking Monitor			4	5	1
Clerical			14	8	(6)
Division Total			63	38	(25)

	2004	2005	2006	2007	
Expenditures	Actual	Actual	Budget	Budget	Difference
Personal Services					
Permanent Salaries			3,546,000	2,169,800	(1,376,200)
Overtime			60,000	100,000	40,000
Temporaries			0	0	0
Total Salaries			3,606,000	2,269,800	(1,336,200)
Benefits			1,182,500	778,700	(403,800)
Other Expense					
Materials & Supplies			24,500	23,500	(1,000)
Services			0	0	0
Utilities & Maintenance			0	0	0
Other			10,000	10,000	0
Total Other Expense			34,500	33,500	(1,000)
Capital Outlay			0	0	0
Division Total			4,823,000	3,082,000	(1,741,000)

Police Investigations

EXPE	EXPENSE DETAIL		2004	2005	2006	2007
		Actual	Actual	Actual	Budget	Budget
_	ONAL SERVICES				0.540.000	0.400.000
5100	Permanent Employees - Regular				3,546,000	2,169,800
5101	Permanent Employees - Overtime				60,000	100,000
5103	Temporary Employees TOTAL				3,606,000	2,269,800
	TOTAL				3,606,000	2,269,600
OTHE	R EXPENDITURES					
5211	Cleaning and Janitorial Supplies				5,000	5,000
5218	Uniforms				2,000	10,000
5219	Other Miscellaneous Supplies				4,500	6,000
5241	Small Equip(Office/Operating)				2,500	2,500
5245	Food for Animals				6,000	0
5384	Refuse Disposal				1,500	0
5415	Vehicle/Equipment Rental				2,000	2,000
5441	Other Services and Charges				6,000	8,000
5448	Police Training				5,000	0
	TOTAL				34,500	33,500
CAPIT	AL OUTLAY					
5580	Capital Equipment				0	0
	TOTAL				0	0
	SUBTOTAL				3,640,500	2,303,300
EMPL	OYEE BENEFITS					
5121	P.E.R.A.				329,100	230,800
5122	F.I.C.A. Social Security				68,100	52,900
5123	F.I.C.A. Medicare				45,100	32,900
5136	Police Pension Contribution				219,600	109,800
5124	Health Insurance				480,100	330,900
5125	Dental Insurance				27,300	13,200
5126	Life Insurance				13,200	8,200
	TOTAL				1,182,500	778,700
DIVIS	ION TOTAL				4,823,000	3,082,000



Library Library Services Buildings and Equipment



DivisionsServices Buildings & Equipment

Library Department

The library system offers resources for people of all ages and incomes for information, education and recreation. A wide range of materials, research and advisory services, programs and community partnerships support lifelong learning.

Mission and Core Services

The Duluth Public Library is committed to being a vital resource center that provides information, materials and services to enrich people's lives. The library's core services consist of answering questions and making recommendations by collecting, organizing, maintaining and providing information and materials; user education and instruction; selecting, cataloging, processing materials; circulation and patron account services; programs for children and adults; in-person, telephone and e-mail service; web access to library collections - local and state; online requests and account status; special collections including government documents, local and regional history.

Major Budget Issues

Department Total

3,799,004

The level of service hours - how long the doors can stay open at the Main Library, Mount Royal Branch Library and West Duluth Branch Library - is determined by staffing levels. Permanent, entry-level staff were last hired in 1998, and permanent professional staff in 1996. Retirements will increase this year. If the vacant positions are filled, further reductions in open hours would not be necessary.

Keeping up, or catching up with technology challenges the Library and all city departments. Annual payments for support, maintenance and upgrades to our computer system are nearly a fourth of the Library Services operating expense budget. MIS staff supports the web access customers use, as well as the changing needs of vendors for licensing and linking to the city network. Online catalog searches and requests continue to increase. A new customer-driven service goes live this fall when the Library joins the Minnesota portal for simultaneous searching most library catalogs in the state.

Replacement of carpet at the Main Library is overdue; the effects of nearly 7 million visitors since the carpet was installed in 1980 are evident. Another capital need is the replacement of the air handling components at the Main Library; Johnson Controls evaluated the system as part of the city's performance contract analysis.

	2004	2005	2006	2007	Difference
Budgeted FTE's	59.7	58.6	58.6	59.6	1.0

	2004	2005	2006	2007	
Expenditures	Actual	Actual	Budget	Budget	Difference
Permanent Salaries	2,495,885	2,550,986	2,671,000	2,746,200	75,200
Overtime	1,791	2,650	8,000	8,000	0
Temporaries	136,885	157,962	124,000	97,000	(27,000)
Total Personal Servic	es 2,634,561	2,711,598	2,803,000	2,851,200	48,200
Benefits	734,819	759,207	821,400	882,300	60,900
Other Expense	144,524	149,003	137,600	141,400	3,800
Capital Outlay	285,100	316,919	285,000	285,000	0

4,047,000

4,159,900

112,900

3,936,727

Library Services

The division offers assistance and advisory service to people of all ages in ensuring the Library's resources of print, media and online collections to meet their informational, educational, and cultural needs. In 2005, nearly one million items were borrowed from the Main and two branch libraries.

Budgeted FTE's	2004	2005	2006	2007	Difference
Director of Libraries	1	1	1	1	0.0
Librarian III	3.8	3.8	3.8	5.8	2.0
Librarian II	7	7	7	6	(1.0)
Librarian I	13.2	13	13	12.6	(0.4)
Public Info Coordinator	0.8	0.8	0.8	0	(0.8)
Sr. Library Tech	6	6	6	6	0.0
Library Technician	21.9	22	22	22.2	0.2
Library Assistant II	1	1	1	1	0.0
Clerical	1	0	0	1	1.0
Division Total	55.7	54.6	54.6	55.6	1.0

	2004	2005	2006	2007	
Expenditures	Actual	Actual	Budget	Budget	Difference
Personal Services					
Permanent Salaries	2,351,525	2,401,775	2,516,800	2,589,700	72,900
Overtime	777	2,088	5,000	5,000	0
Temporaries	131,557	157,045	124,000	92,700	(31,300)
Total Salaries	2,483,859	2,560,908	2,645,800	2,687,400	41,600
Benefits	687,654	707,029	763,900	821,400	57,500
Other Expense					
Materials & Supplies	39,432	31,358	34,500	25,700	(8,800)
Services	32,386	32,271	33,100	21,500	(11,600)
Utilities & Maintenance	19,725	21,451	18,400	48,400	30,000
Other	25,033	35,132	28,500	22,700	(5,800)
Total Other Expense	116,576	120,212	114,500	118,300	3,800
Capital Outlay	285,100	316,919	285,000	285,000	0
Division Total	3,573,189	3,705,068	3,809,200	3,912,100	102,900

Library Services 100-300-1702

EXPE	NSE DETAIL	2003	2004	2005	2006	2007
		Actual	Actual	Actual	Budget	Budget
PERS	ONAL SERVICES					
5100	Permanent Employees - Regular	2,348,322	2,351,525	2,401,775	2,516,800	2,589,700
5101	Permanent Employees - Overtime	763	777	2,088	5,000	5,000
5103	Temporary Employees	142,817	131,557	157,045	124,000	92,700
	TOTAL	2,491,902	2,483,859	2,560,908	2,645,800	2,687,400
OTHE	R EXPENDITURES					
5200	Office Supplies	13,954	10,771	12,020	13,000	10,000
5201	Computer Supplies/Software	4,887	6,562	1,355	5,000	2,500
5202	Audiovisual & Photography	1,141	634	0	1,000	0
5219	Other Miscellaneous Supplies	11,926	19,533	16,634	11,000	10,000
5241	Small Equipment	860	1,932	1,349	4,500	3,200
5309	Data Processing Services	5,295	5,295	5,295	5,300	0
5319	Other Professional Services	0	0	180	500	500
5321	Telephone	10,902	11,412	11,244	10,000	6,000
5322	Postage	14,775	7,129	8,173	10,300	8,000
5334	Training	1,150	1,158	0	0	0
5355	Printing and Copying	7,011	7,392	7,379	7,000	7,000
5404	Equipment & Maintenance Repair	15,320	19,725	21,451	18,400	48,400
5413	Library Materials/Services Rental	19,790	18,116	29,528	20,700	20,000
5418	Vehicle/Equipment Lease	4,200	3,850	2,147	4,200	0
5433	Dues & Subscriptions	315	726	686	1,000	700
5441	Other Services & Charges	2,273	2,341	2,771	2,600	2,000
5443	Board/Meeting Expense	0	0	0	0	0
	TOTAL	113,799	116,576	120,212	114,500	118,300
CAPIT	AL OUTLAY					
5590	Library Materials	285,100	285,100	316,919	285,000	285,000
	TOTAL	285,100	285,100	316,919	285,000	285,000
	SUBTOTAL	2,890,801	2,885,535	2,998,039	3,045,300	3,090,700
EMPL	OYEE BENEFITS					
5121	P.E.R.A.	132,050	130,829	133,118	151,300	162,000
5122	F.I.C.A. Social Security	148,717	182,288	153,422	164,000	169,000
5123	F.I.C.A. Medicare	34,781	910	36,677	38,300	39,500
5124	Health Insurance	348,945	342,182	351,974	375,100	419,600
5125	Dental Insurance	18,276	19,991	20,866	23,700	19,300
5126	Life Insurance	11,763	11,454	10,972	11,500	12,000
	TOTAL	694,532	687,654	707,029	763,900	821,400
DIVIS	ON TOTAL	3,585,333	3,573,189	3,705,068	3,809,200	3,912,100

Library Buildings and Equipment

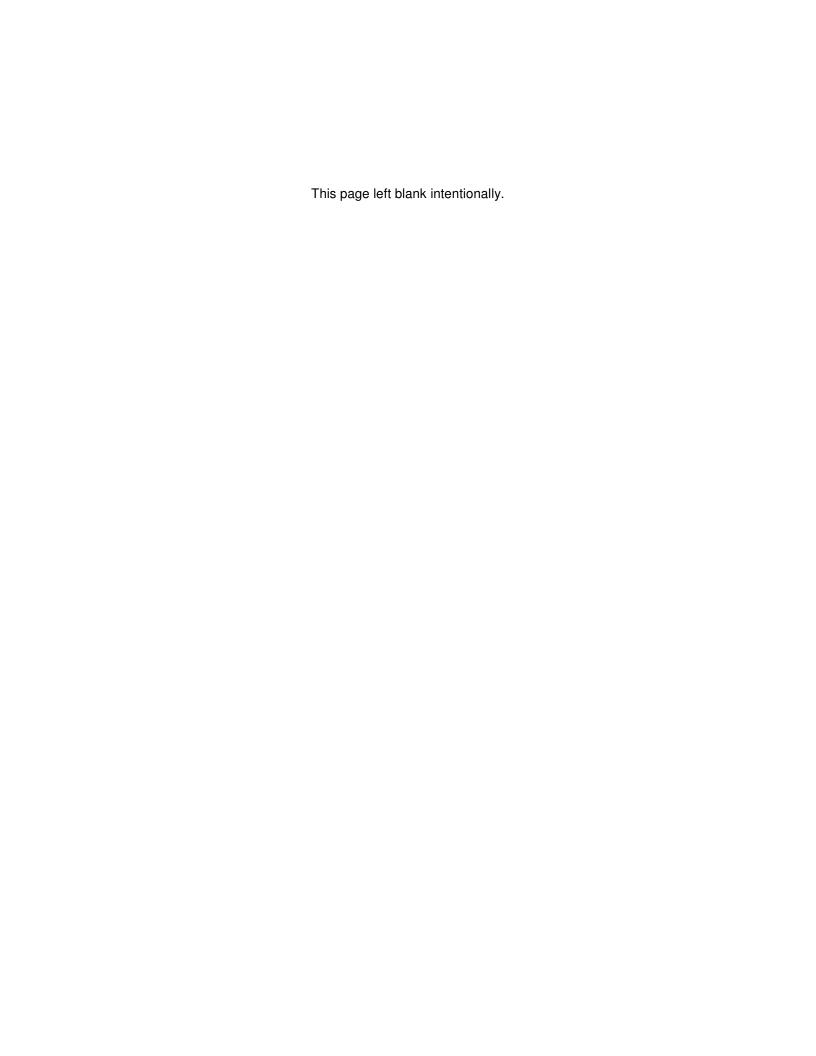
Staff clean and maintain the Main Library, Mount Royal Branch Library and West Duluth Branch Library. In 2005, a total of 3,300 visited one of these libraries each day they were open. Building staff transfer and deliver library materials between libraries, set up meeting rooms, remove snow, and maintain library equipment.

Budgeted FTE's	2004	2005	2006	2007	Difference
Head Janitor	1	1	1	1	0
Library Custodian	1	1	1	1	0
Janitor I	2	2	2	2	0
Division Total	4	4	4	4	0

	2004	2005	2006	2007	
Expenditures	Actual	Actual	Budget	Budget	Difference
Personal Services					_
Permanent Salaries	144,360	149,211	154,200	156,500	2,300
Overtime	1,014	562	3,000	3,000	0
Temporaries	5,328	917	0	4,300	4,300
Total Salaries	150,702	150,690	157,200	163,800	6,600
Benefits	47,165	52,178	57,500	60,900	3,400
Other Expense					
Materials & Supplies	8,422	17,171	9,300	9,300	0
Services	3,446	5,620	4,700	4,700	0
Utilities & Maintenance	14,449	5,311	7,000	7,000	0
Other	1,631	689	2,100	2,100	0
Total Other Expense	27,948	28,791	23,100	23,100	0
Capital Outlay	0	0	0	0	0
Division Total	225,815	231,659	237,800	247,800	10,000

Library Buildings and Equipment

EXPE	NSE DETAIL	2003 Actual	2004 Actual	2005 Actual	2006 Budget	2007 Budget
		Actuui	Aotuui	Actuul	Duuget	Duuget
	ONAL SERVICES					
5100	Permanent Employees - Regular	138,233	144,360	149,211	154,200	156,500
5101	Permanent Employees - Overtime	282	1,014	562	3,000	3,000
5103	Temporary Employees	5,666	5,328	917	0	4,300
	TOTAL	144,181	150,702	150,690	157,200	163,800
OTHE	R EXPENDITURES					
5205	Safety & Training Materials	44	0	0	100	100
5210	Plant/Operating Supplies	0	0	593	500	500
5211	Cleaning and Janitorial Supplies	5,786	4,681	4,043	3,500	3,500
5218	Uniforms	318	0	1,148	0	0
5219	Other Miscellaneous Supplies	2,107	2,388	5,325	3,000	3,000
5220	Repair & Maintenance Supplies	48	1,353	1,687	1,000	1,000
5240	Small Tools	0	0	0	200	200
5241	Small Equipment	994	0	4,375	1,000	1,000
5319	Other Professional Services	2,209	2,175	4,519	2,200	2,200
5335	Mileage Reimbursement-Local	258	195	0	500	500
5384	Refuse Disposal	1,052	1,076	1,101	2,000	2,000
5404	Equipment Repair & Maintenance	3,495	3,580	1,660	3,000	4,000
5406	Electrical/Mech Repair/Mtce	0	812	0	1,000	0
5409	Fleet Services Charges	9,840	10,057	3,651	3,000	3,000
5441	Other Services and Charges	1,040	1,631	689	2,000	2,000
5450	Laundry	9	0	0	100	100
	TOTAL	27,200	27,948	28,791	23,100	23,100
	SUBTOTAL	171,381	178,650	179,481	180,300	186,900
EMPL	OYEE BENEFITS					
5121	P.E.R.A.	7,531	7,937	8,190	9,400	9,800
5122	F.I.C.A. Social Security	8,298	10,693	8,862	9,700	9,800
5123	F.I.C.A. Medicare	1,941	66	2,121	2,300	2,300
5124	Health Insurance	21,970	26,443	30,694	33,400	36,700
5125	Dental Insurance	1,060	1,396	1,518	1,800	1,400
5126	Life Insurance	630	630	793	900	900
	TOTAL	41,430	47,165	52,178	57,500	60,900
DIVISI	ON TOTAL	212,811	225,815	231,659	237,800	247,800



Parks and Recreation

Recreation and Senior Services Lake Superior Zoological Gardens



Divisions

Rec & Senior Services Lake Superior Zoo

Parks and Recreation

The Parks and Recreation Department provides leadership in the community to develop and support quality recreational activities for all ages, to assure safe and satisfying recreational experiences; and to preserve parks, forests, and shoreline for appropriate recreational use. The divisions of Recreation and Senior Services and the Zoo are included in the General Fund. The Golf Division is in the Enterprise Fund section of the budget.

Mission and Core Services

The mission of the Parks and Recreation department is to fulfill the essential recreational, educational, cultural and environmental needs that create a dynamic community.

The department's core services are: youth programs from toddlers to teens and from recreation to organized sports with most programming geared towards 5 to 12 year olds; senior programs which includes a daily lunch program, recreation, and socialization aimed at keeping seniors independent and living in their own homes for as long as possible; an accredited Zoo that helps bring in tourism and is an integral part of recreation services for the community and tourists; two municipal golf courses that are affordable to local residents and tourists alike; and a wide variety of special events throughout the year geared primarily toward families which adds to the quality of life in Duluth.

Major Budget Issues

High priority has been given to programs which provide services for youth, families and seniors. Participation in these programs changes from season to season depending on the center, but overall, participation numbers have increased at many centers. Out biggest budgetary issues involve staffing these programs and maintaining facilities (buildings and green spaces). Participation continues to increase for activities which are open for general public use. Examples would be soccer, skateboarding, rollerblading, mountain biking, trail use and special events. The public's expectations of the service levels we should provide in their neighborhoods continues to increase even though our staffing ability due to budgetary constraints continues to decrease. Our department is challenged daily to respond to these requests by our citizens.

	2004	2005	2006	2007	Difference
Budgeted FTE's	34.2	31.2	29.2	31.2	2.0

	2004	2005	2006	2007	
Expenditures	Actual	Actual	Budget	Budget	Difference
Permanent Salaries	1,314,699	1,218,163	1,272,500	1,385,500	113,000
Overtime	43,182	53,270	35,800	35,800	0
Temporaries	359,009	316,748	321,000	250,500	(70,500)
Total Personal Services	1,716,890	1,588,181	1,629,300	1,671,800	42,500
Benefits	402,893	384,824	442,700	478,600	35,900
Other Expense	486,827	453,102	482,600	504,200	21,600
Capital Outlay	0	0	0	0	0

Department Total	2,606,610	2,426,107	2,554,600	2,654,600	100,000

Recreation and Senior Services

Recreation and Senior Services provides year round recreational and social opportunities on a citywide basis for all ages. Specific programs include a summer youth program, a summer "Fun Wagon" program, limited after school recreational opportunities, summer life guarding at Park Point Beach, winter skating rink programs, downhill skiing and chairlift operations at Chester Bowl, indoor pool and gym programs at Washington Center, and daily senior meals and recreational programs. The division also sponsors special events throughout the year and works with other organizations to provide events at Bayfront Festival Park. New special events programs, like Movies in the Park, are developed and implemented in partnership with the private sector to provide thousands of citizens with new forms of passive recreation. In addition, parks and trails are available for use for seasonal activities.

Budgeted FTE's	2004	2005	2006	2007	Difference
Director, Parks and Rec	1	1	1	1	0
Associate Dir, Rec.	2	1	1	1	0
Mgr, Golf Division	0	0	0	1	1
Public Info Coordinator	2	2	2	1	(1)
Special Events Coor.	1.5	1.5	1.5	1.5	0
Sr. Center Coordinator	2.5	2.5	2.5	2.5	0
Recreation Specialist	9	8	6	7	1
Van Driver	1.2	1.2	1.2	1.2	0
Clerical	3	3	3	3	0
Division Total	22.2	20.2	18.2	19.2	1

	2004	2005	2006	2007	
Expenditures	Actual	Actual	Budget	Budget	Difference
Personal Services					
Permanent Salaries	813,770	724,931	782,700	844,800	62,100
Overtime	0	0	800	800	0
Temporaries	275,071	250,118	246,000	246,000	0
Total Salaries	1,088,841	975,049	1,029,500	1,091,600	62,100
Benefits	247,048	219,203	269,400	290,500	21,100
Other Expense					
Materials & Supplies	49,004	40,053	65,300	56,300	(9,000)
Services	40,427	50,489	70,500	66,500	(4,000)
Utilities & Maintenance	42,181	18,323	38,000	33,000	(5,000)
Other	24,227	23,829	28,400	28,400	0
Total Other Expense	155,839	132,694	202,200	184,200	(18,000)
Capital Outlay	0	0	0	0	0
Division Total	1,491,728	1,326,946	1,501,100	1,566,300	65,200

Recreation and Senior Services

EXPE	NSE DETAIL	2003 Actual	2004 Actual	2005 Actual	2006 Budget	2007 Budget
PERS	ONAL SERVICES					
5100	Permanent Employees - Regular	858,130	813,770	724,931	782,700	844,800
5101	Permanent Employees - Overtime	0	0	0	800	800
5103	Temporary Employees	273,598	275,071	250,118	246,000	246,000
	TOTAL	1,131,728	1,088,841	975,049	1,029,500	1,091,600
OTHE	R EXPENDITURES					
5200	Office Supplies	4,691	8,954	5,912	9,000	7,000
5202	Audiovisual & Photography	44	10	0	400	400
5211	Cleaning and Janitorial Supplies	10,872	9,939	8,555	11,000	10,000
5212	Motor Fuel			3,532	0	5,000
5217	Light Bulbs	0	0	0	800	800
5218	Uniforms	424	996	1,413	3,000	3,000
5219	Other Miscellaneous Supplies	31,842	24,689	20,151	35,000	30,000
5228	Painting Supplies	0	30	0	100	100
5229	Grounds/Sewer Maintenance Spls	4,227	0	158	1,000	1,000
5241	Small Equip (Office/Operating)	1,180	4,386	332	5,000	4,000
5319	Other Professional Services	14,606	2,070	12,050	20,000	16,000
5321	Telephone	10,882	9,133	7,955	11,000	11,000
5334	Training Expenses	896	432	2,215	4,000	4,000
5335	Mileage Reimbursement-Local	11,109	11,350	11,684	15,000	15,000
5355	Printing and Copying	2,296	1,335	1,574	2,500	2,500
5384	Refuse Disposal	15,891	16,107	15,011	18,000	18,000
5404	Equipment Repair & Maintenance	28	2,571	805	3,000	3,000
5409	Fleet Services Charges	26,754	39,610	17,518	35,000	25,000
5419	Other Rentals	4,520	9,766	9,572	10,000	10,000
5433	Dues and Subscriptions	806	727	609	1,000	1,000
5441	Other Services and Charges	22,493	13,105	12,992	16,400	16,400
5443	Board/Meeting Expenses	19	629	656	1,000	1,000
	TOTAL	163,580	155,839	132,694	202,200	184,200
	SUBTOTAL	1,295,308	1,244,680	1,107,743	1,231,700	1,275,800
EMPL	OYEE BENEFITS					
5121	P.E.R.A.	47,097	44,660	38,867	47,000	52,900
5122	F.I.C.A. Social Security	68,499	80,460	58,054	63,800	66,700
5123	F.I.C.A. Medicare	16,100	449	13,643	14,900	15,600
5131	Health Insurance	113,606	111,181	99,680	132,000	144,500
5132	Dental Insurance	6,153	6,584	5,905	7,900	6,700
5133	Life Insurance	3,925	3,714	3,054	3,800	4,100
	TOTAL	255,380	247,048	219,203	269,400	290,500
DIVIS	ON TOTAL	1,550,688	1,491,728	1,326,946	1,501,100	1,566,300

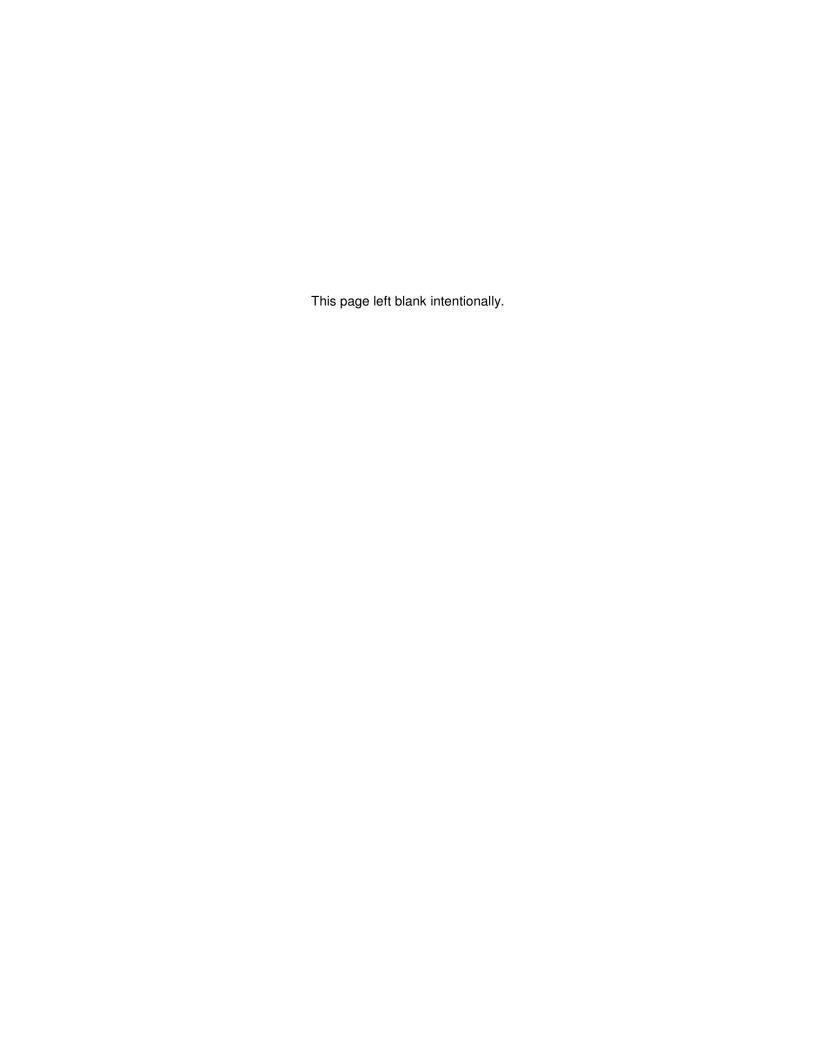
Lake Superior Zoological Gardens – Zoo

Provides exotic animals for public recreation and education. Promotes the conservation and preservation of rare and endangered species. Participates in a public/private partnership with the Zoological Society.

Budgeted FTE's	2004	2005	2006	2007	Difference
Zoo Director	1	1	1	1	0
Zoo Vet/Curator	0	0	0	1	1
Zookeeper II	2	2	2	2	0
Zookeeper I	9	8	8	8	0
Division Total	12	11	11	12	1

	2004	2005	2006	2007	
Expenditures	Actual	Actual	Budget	Budget	Difference
Personal Services					_
Permanent Salaries	500,929	493,232	489,800	540,700	50,900
Overtime	43,182	53,270	35,000	35,000	0
Temporaries	83,938	66,630	75,000	4,500	(70,500)
Total Salaries	628,049	613,132	599,800	580,200	(19,600)
Benefits	155,845	165,621	173,300	188,100	14,800
Other Expense					
Materials & Supplies	128,433	115,393	116,600	129,600	13,000
Services	144,832	156,593	132,100	143,300	11,200
Utilities & Maintenance	37,995	27,830	16,600	23,600	7,000
Other	19,728	20,592	15,100	23,500	8,400
Total Other Expense	330,988	320,408	280,400	320,000	39,600
Capital Outlay	0	0	0	0	0
Division Total	1,114,882	1,099,161	1,053,500	1,088,300	34,800

EXPE	NSE DETAIL	2003 Actual	2004 Actual	2005 Actual	2006 Budget	2007 Budget
DEDQ	ONAL SERVICES					
5100	Permanent Employees - Regular	519,471	500,929	493,232	489,800	540,700
5100	Permanent Employees - Overtime	32,763	43,182	53,270	35,000	35,000
5103	Temporary Employees - Regular	68,482	83,938	66,630	75,000	4,500
0.00	TOTAL	620,716	628,049	613,132	599,800	580,200
OTHE	R EXPENDITURES					
5200	Office Supplies	307	845	618	200	700
5205	Safety & Training	1,559	752	400	100	400
5210	Plant/Operating Supplies	1,623	1,289	965	3,000	2,000
5211	Cleaning/Janitorial	7,684	5,211	9,034	8,000	10,000
5212	Motor Fuel			1,598		2,000
5218	Uniforms	359	1,251	784	1,000	1,000
5219	Other Miscellaneous Supplies	25,056	23,982	19,478	15,000	20,000
5220	Repair & Maintenance	7,814	4,962	3,925	3,000	4,000
5229	Grounds/Sewer Mntce Supplies	3,332	3,742	4,174	3,800	5,000
5241	Small Equipment	145	381	1,022	0	2,000
5245	Food for Animals	86,826	86,018	73,395	82,500	82,500
5305	Medical Service	7,690	11,069	10,096	7,000	7,000
5310	Contract Services	11,193	9,406	23,438	12,600	12,600
5319	Other Professional Services	109,831	113,398	112,778	100,800	112,000
5321	Telephone	1,901	2,443	2,615	1,000	1,000
5334	Training Expenses	1,130	3,128	1,884	2,000	2,000
5335	Mileage - Local	821	1,047	1,039	800	800
5355	Printing & Copying	355	405	300	100	100
5384	Refuse Disposal	4,650	3,936	4,443	7,800	7,800
5404	Equipment Repair & Maintenance	3,861	2,121	3,525	3,600	3,600
5409	Fleet Service Charges	25,416	35,874	24,305	13,000	20,000
5419	Other Rentals	6,888	8,822	7,993	6,600	10,000
5433	Dues & Subscriptions	3,975	3,827	3,587	3,400	3,400
5441	Other Services & Charges	6,328	7,079	9,012	5,000	10,000
5450	Laundry	010.744	0	0	100	100
	TOTAL	318,744	330,988	320,408	280,400	320,000
	SUBTOTAL	939,460	959,037	933,540	880,200	900,200
EMPL	OYEE BENEFITS					
5121	P.E.R.A.	30,247	30,505	29,848	31,500	36,000
5122	F.I.C.A. Social Security	35,820	45,396	36,466	37,200	36,000
5123	F.I.C.A. Medicare	8,377	123	8,709	8,700	8,300
5131	Health Insurance	67,120	73,663	83,921	88,800	101,000
5132	Dental Insurance	3,722	4,025	4,393	4,800	4,200
5133	Life Insurance	2,520	2,133	2,284	2,300	2,600
	TOTAL	147,806	155,845	165,621	173,300	188,100
DIVIS	ION TOTAL	1,087,266	1,114,882	1,099,161	1,053,500	1,088,300



Public Works Director's Office

Director's Office Maintenance Operations Engineering



Divisions

Director's Office Maintenance Engineering

Public Works & Utilities – General Operations

The Public Works operations is the General Fund side of the Department of Public Works & Utilities.

Mission and Core Services

To develop, operate and maintain transportation and utility infrastructure, fixed and moveable bridges and municipal parks, trails and playgrounds, and to provide a variety of services to assure a high level of public safety and quality of life for Duluthians and to promote the viability of businesses in Duluth.

Major Budget Issues

- * Significant staff reductions will visibly impact operations. Supervisory coordination of street maintenance will be less effective; public can expect extended winter operations responding to heavy snowfalls and lengthened street repair response time; general park maintenance service will be lower; and the sidewalk snow removal program will be eliminated except for sidewalks abutting city properties; and increased outsourcing of engineering and inspection can be anticipated.
- * Street cleaning operating and capital equipment expense will be transferred to the Stormwater Utility.
- * East Duluth vehicle storage building will be in place for the 2007-2008 winter providing optimal and lower cost disposition of snow plows and deicing material reloading during winter operations.
- * Salt and sand materials for deicing streets are a significant greater expense due to slightly warmer winter weather (freezing rain and snow) requiring more applications and the higher cost of fuel to deliver the materials.
- * Tree removal is budgeted at \$50,000 to address increased numbers of hazardous trees and the prevalence of Dutch Elm disease among remaining elm trees. Continuation of this level of funding is anticipated over the next several years.
- *Replacement of obsolete mechanical parking meters will be completed in 2007 with the purchase of 200 electronic meters; traffic signal controller and cabinet replacement is in its early phase and will need to continue for the next five to six years.

	2004	2005	2006	2007	Difference
Budgeted FTE's	92.4	90.4	90.4	83.4	(7.0)

	2004	2005	2006	2007	
Expenditures	Actual	Actual	Budget	Budget	Difference
Permanent Salaries	4,382,699	3,804,601	4,587,800	4,368,800	(219,000)
Overtime	261,145	266,592	204,000	250,000	46,000
Temporaries	134,648	159,773	141,900	144,900	3,000
Total Personal Services	s 4,778,492	4,230,966	4,933,700	4,763,700	(170,000)
Benefits	1,219,412	1,116,563	1,398,300	1,390,700	(7,600)
Other Expense	3,343,024	3,414,201	3,296,600	3,436,000	139,400
Department Total	9,340,928	8,761,730	9,628,600	9,590,400	(38,200)

Director's Office

The Director's Office provides leadership and management for the Public Works and Utilities Department.

Budgeted FTE's	2004	2005	2006	2007	Difference
Director	0.2	0.2	0.2	0.2	0.0
Project Coordinator	0.2	0.2	0.2	0.2	0.0
Safety and Training Coor.	0.2	0.2	0.2	0.0	(0.2)
Division Total	0.6	0.6	0.6	0.4	(0.2)

	2004	2005	2006	2007	
Expenditures	Actual	Actual	Budget	Budget	Difference
Personal Services					
Permanent Salaries	44,759	34,316	48,100	34,600	(13,500)
Overtime	304	105	0	0	0
Temporaries	0	0	0	0	0
Total Salaries	45,063	34,421	48,100	34,600	(13,500)
Benefits	9,651	7,676	11,600	8,500	(3,100)
Other Expense					
Materials & Supplies	32	133	700	700	0
Services	110	515	1,400	1,400	0
Utilities & Maintenance	0	0	0	0	0
Other	215	185	200	200	0
Total Other Expense	357	833	2,300	2,300	0
Capital Outlay	0	0	0	0	0
Division Total	55,071	42,930	62,000	45,400	(16,600)

Director's Office 100-500-1910

EXPE	ENSE DETAIL	2003 Actual	2004 Actual	2005 Actual	2006 Budget	2007 Budget
	ONAL SERVICES	45.050	44.750	0.4.04.0	40.400	24.000
5100	Permanent Employees - Regular	45,953	44,759	34,316	48,100	34,600
5101	Permanent Employees - Overtime	564	304	105	0	0
5103	Temporary Employees	0	0 -	0	0	0
	TOTAL	46,517	45,063	34,421	48,100	34,600
OTHE	R EXPENDITURES					
5200	Office Supplies	32	32	133	100	100
5205	Safety & Training Materials	290	0	0	600	600
5241	Small Equipment	668	0	0	0	0
5334	Training Expenses	45	110	515	1,300	1,300
5335	Mileage Reimbursement-Local	0	0	0	100	100
5433	Dues and Subscriptions	205	215	185	200	200
	TOTAL	1,240	357	833	2,300	2,300
	SUBTOTAL	47,757	45,420	35,254	50,400	36,900
EMPLO	DYEE BENEFITS					
5121	P.E.R.A.	2,549	2,431	1,835	2,900	2,200
5122	F.I.C.A. Social Security	2,721	3,190	1,896	3,000	2,100
5123	F.I.C.A. Medicare	656	29	505	700	500
5131	Health Insurance	3,724	3,666	3,194	4,600	3,500
5132	Dental Insurance	201	209	162	300	100
5133	Life Insurance	137	126	84	100	100
	TOTAL	9,988	9,651	7,676	11,600	8,500
DIVISI	ON TOTAL	57,745	55,071	42,930	62,000	45,400

Maintenance Operations

There are three areas of maintenance included in the Maintenance Operations Division - street maintenance, park maintenance and traffic maintenance. Street Maintenance cleans, plows, repairs and maintains city streets. The Park Maintenance function cleans and maintains city park lands, athletic fields, playgrounds and other related facilities. Also is responsible for administering a comprehensive tree management program. The Traffic Maintenance operation installs, repairs and maintains parking meters and traffic signs, including painted traffic lane markings.

Budgeted FTE's	2004	2005	2006	2007	Difference
Mgr, Street & Park Mtce	1	1	1	1	0
St Mtce Supervisor	1	1	1	0	(1)
City Forester	1	1	1	1	0
Mtc Operations Leadwkr	3	3	3	3	0
Prks & Gardens Leadwkr	1	1	1	1	0
Athletic Turf Coordinator	1	1	1	1	0
Heavy Equip Operator	32	31	31	29	(2)
Park Maintenance II	1	1	1	0	(1)
Park Maintenanceworker	13	13	13	12	(1)
Dispatcher	1	1	1	1.2	0
Traffic Mtceperson	4	4	4	4	0
Light Equip Operator	1	1	1	0	(1)
Maintenanceworker	1	1	1	1	0
Division Total	61	60	60	54.2	(5.8)

2004	2005	2006	2007	
Actual	Actual	Budget	Budget	Difference
				_
2,755,514	2,622,020	2,860,000	2,741,000	(119,000)
163,010	203,358	143,000	200,000	57,000
122,567	147,368	128,500	131,500	3,000
3,041,091	2,972,746	3,131,500	3,072,500	(59,000)
782,998	788,017	881,000	897,600	16,600
1,202,692	1,326,282	903,400	974,700	71,300
132,827	125,305	149,300	149,300	0
1,097,848	1,090,504	1,247,500	1,251,200	3,700
637,190	656,450	785,400	830,400	45,000
3,070,557	3,198,541	3,085,600	3,205,600	120,000
6,894,646	6,959,304	7,098,100	7,175,700	77,600
	2,755,514 163,010 122,567 3,041,091 782,998 1,202,692 132,827 1,097,848 637,190 3,070,557	Actual Actual 2,755,514 2,622,020 163,010 203,358 122,567 147,368 3,041,091 2,972,746 782,998 788,017 1,202,692 1,326,282 132,827 125,305 1,097,848 1,090,504 637,190 656,450 3,070,557 3,198,541	Actual Actual Budget 2,755,514 2,622,020 2,860,000 163,010 203,358 143,000 122,567 147,368 128,500 3,041,091 2,972,746 3,131,500 782,998 788,017 881,000 1,202,692 1,326,282 903,400 132,827 125,305 149,300 1,097,848 1,090,504 1,247,500 637,190 656,450 785,400 3,070,557 3,198,541 3,085,600	Actual Actual Budget Budget 2,755,514 2,622,020 2,860,000 2,741,000 163,010 203,358 143,000 200,000 122,567 147,368 128,500 131,500 3,041,091 2,972,746 3,131,500 3,072,500 782,998 788,017 881,000 897,600 1,202,692 1,326,282 903,400 974,700 132,827 125,305 149,300 149,300 1,097,848 1,090,504 1,247,500 1,251,200 637,190 656,450 785,400 830,400 3,070,557 3,198,541 3,085,600 3,205,600

Maintenance Operations

EXPENSE DETAIL		2003	2004	2005	2006	2007		
	NOE BETAIL	Actual	Actual	Actual	Budget	Budget		
		1 10 00000						
PERS	PERSONAL SERVICES							
5100	Permanent Employees - Regular	2,760,122	2,755,514	2,622,020	2,860,000	2,741,000		
5101	Permanent Employees - Overtime	120,990	163,010	203,358	143,000	200,000		
5103	Temporary Employees	117,857	122,567	147,368	128,500	131,500		
	TOTAL	2,998,969	3,041,091	2,972,746	3,131,500	3,072,500		
OTHE	R EXPENDITURES							
5200	Office Supplies	2,950	2,638	2,807	3,300	3,200		
5205	Safety & Training Materials	2,151	2,414	2,101	1,800	3,300		
5210	Plant/Operating Supplies	4,908	6,131	3,070	5,500	5,500		
5211	Cleaning and Janitorial Supplies	20,520	16,538	27,430	7,000	17,000		
5212	Motor Fuels	139,408	184,411	233,015	127,500	224,000		
5218	Uniforms	15,967	12,841	12,939	10,400	11,200		
5219	Other Miscellaneous Supplies	29,924	25,438	31,311	35,600	24,500		
5220	Repair & Maintenance Supplies	3,648	7,219	6,667	3,500	10,000		
5222	Blacktop	160,554	174,629	109,195	154,700	217,800		
5223	Salt & Sand	449,102	529,836	704,472	386,500	575,800		
5224	Gravel & Other Mtce Materials	61,270	60,082	74,681	48,000	55,800		
5225	Park/Landscape Materials	37,630	51,676	51,889	46,500	46,500		
5226	Sign & Signal Materials	72,925	72,994	50,742	56,500	74,100		
5228	Painting Supplies	1,674	2,631	3,785	2,800	2,800		
5240	Small Tools	5,321	4,266	4,122	7,800	6,000		
5241 5305	Small Equipment Medical Fees	1,940 4,288	48,948	8,056 985	6,000 4,500	14,300 3,000		
5310	Contract Services	4,200 26,434	3,585 25,871	24,125	30,000	30,000		
5319	Other Professional Services	2,918	1,856	4,192	8,000	1,100		
5321	Telephone	7,970	8,594	7,025	9,400	9,400		
5334	Training Expenses	6,030	3,406	4,913	6,800	7,400		
5335	Mileage Reimbursement-Local	36,624	41,797	39,642	36,600	37,600		
5384	Refuse Disposal	41,815	47,718	44,423	54,000	53,000		
5401	Bldg/Structure Repair & Mtce	2,920	0	2,843	1,000	4,000		
5403	Street Repair & Maintenance	57,717	46,346	43,804	50,000	50,000		
5404	Equipment Repair & Maintenance	1,102	866	1,278	4,000	3,000		
5409	Fleet Services Charges	982,801	1,050,636	1,042,579	1,192,500	935,000		
5412	Building Rental	264,714	155,564	224,993	259,800	225,000		
5415	Vehicle/Equipment Rental	436,764	402,699	343,816	460,700	430,400		
5418	Vehicle/Equipment Lease	12,551	23,420	23,232	24,700	24,700		
5419	Other Rentals	19,916	13,749	14,001	14,400	17,400		
5433	Dues and Subscriptions	697	1,755	1,778	1,800	2,000		
5438	Licenses	916	276	551	600	700		
5441	Other Services and Charges	16,260	30,593	28,116	13,400	23,100		
5450	Laundry	7,268	534	4,659	5,000	5,000		
5454	Contract Tree Services	4,805	8,600 3,070,557	15,304	5,000	52,000		
	TOTAL	2,944,402	3,070,557	3,198,541	3,085,600	3,205,600		
EMPLOYEE BENEFITS								
5121	P.E.R.A.	158,172	159,965	155,073	180,200	183,800		
5122	F.I.C.A. Social Security	179,900	223,881	180,382	194,200	190,500		
5123	F.I.C.A. Medicare	42,079	964	42,747	45,300	44,600		
5131	Health Insurance	343,080	360,504	377,676	422,700	447,600		
5132	Dental Insurance	17,867	20,073	21,244	26,000	19,200		
5133	Life Insurance	12,371	17,611	10,895	12,600	11,900		
	TOTAL	753,469	782,998	788,017	881,000	897,600		
DIVIS	ION TOTAL	6,696,840	6,894,646	6,959,304	7,098,100	7,175,700		

Engineering

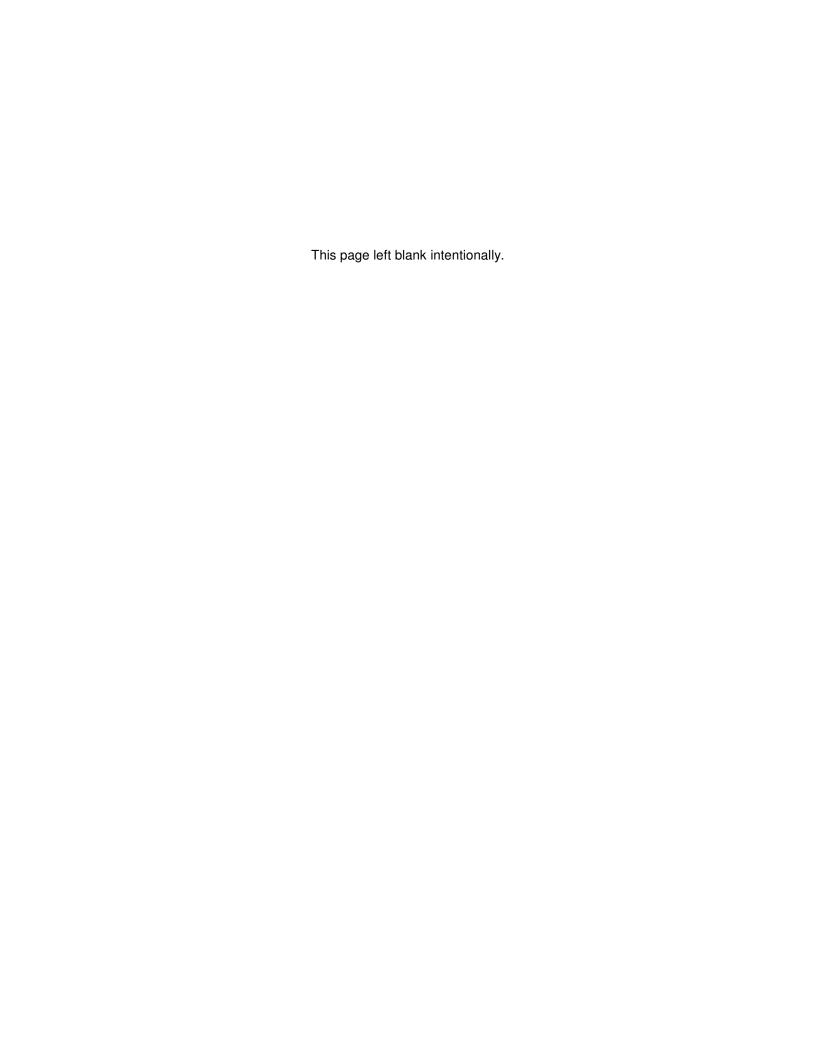
Provides required engineering, planning, design and inspection for the construction of street, bridge and traffic control improvements. Transportation Engineering prepares studies, and conducts public hearings and meetings to make recommendations for municipal improvements. Signals and Lighting installs and maintains all traffic control signals and street lighting. Bridges operates and maintains the Aerial Lift Bridge and the Minnesota Slip Pedestrian Drawbridge as well as inspects the mechanical components of the bridges to assure safe and dependable operations.

Budgeted FTE's	2004	2005	2006	2007	Difference
City Engineer	0.4	0.4	0.4	0.4	0.0
Chief Eng Transportation	1.0	1.0	1.0	1.0	0.0
Lift Bridge Supervisor	1.0	1.0	1.0	1.0	0.0
Bridge Operator	9.0	9.0	9.0	9.0	0.0
Clerical	1.2	1.2	1.2	1.2	0.0
Project Coordinator	0.6	0.6	0.6	0.6	0.0
Project Engineer	2.0	2.0	2.0	2.0	0.0
Sr. Engineering Spec.	2.0	2.0	2.0	2.0	0.0
Sr. Engineering Tech.	8.6	7.6	7.6	6.6	(1.0)
Engineering Technician	1.0	1.0	1.0	1.0	0.0
Traffic Optn Leadworker	1.0	1.0	1.0	1.0	0.0
Signal Technician	2.0	2.0	2.0	2.0	0.0
Electrician	1.0	1.0	1.0	1.0	0.0
Division Total	30.8	29.8	29.8	28.8	(1.0)

Expenditures	2004 Actual	2005 Actual	2006 Budget	2007 Budget	Difference
Personal Services					
Permanent Salaries	1,582,426	1,148,265	1,679,700	1,593,200	(86,500)
Overtime	97,831	63,129	61,000	50,000	(11,000)
Temporaries	12,081	12,405	13,400	13,400	0
Total Salaries	1,692,338	1,223,799	1,754,100	1,656,600	(97,500)
Benefits	426,763	320,870	505,700	484,600	(21,100)
Other Expense					
Materials & Supplies	154,315	133,828	96,900	115,300	18,400
Services	11,387	15,222	24,100	23,100	(1,000)
Utilities & Maintenance	61,613	51,047	50,100	52,100	2,000
Other	44,795	14,730	37,600	37,600	0
Total Other Expense	272,110	214,827	208,700	228,100	19,400
Capital Outlay	0	0	0	0	0
Division Total	2,391,211	1,759,496	2,468,500	2,369,300	(99,200)

Engineering 100-500-1930

EXPENSE DETAIL		2003	2004	2005	2006	2007
		Actual	Actual	Actual	Budget	Budget
PERSONAL SERVICES						
5100	Permanent Employees - Regular	1,568,201	1,582,426	1,148,265	1,679,700	1,593,200
5101	Permanent Employees - Overtime	100,415	97,831	63,129	61,000	50,000
5103	Temporary Employees	12,602	12,081	12,405	13,400	13,400
	TOTAL	1,681,218	1,692,338	1,223,799	1,754,100	1,656,600
OTHE	R EXPENDITURES					
5200	Office Supplies	2,117	2,068	2,434	3,700	3,700
5201	Computer Supplies/Software	4,070	3,916	4,002	6,800	6,800
5202	Audiovisual & Photography	0	133	171	300	300
5203	Paper/Stationery/Forms	202	93	127	1,000	1,000
5205	Safety & Training Materials	1,981	581	1,438	2,000	2,000
5212	Motor Fuels	15,158	16,962	15,674	14,600	18,000
5218	Uniforms	0	1,285	184	800	800
5219	Other Miscellaneous Supplies	2,762	2,703	2,994	3,800	3,800
5220	Repair & Maintenance Supplies	7,919	18,647	0	6,000	6,000
5226	Signs & Signal Materials	48,582	60,444	71,991	25,000	40,000
5240	Small Tools	3,622	4,666	7,175	1,300	1,300
5241	Small Equipment	1,451	12,356	3,177	1,600	1,600
5247	Street Lighting Supplies	14,992	30,461	24,461	30,000	30,000
5303	Engineering Services	2,150	1,027	0	9,000	9,000
5304	Refuse Disposal	0	218	0	300	300
5321	Telephone	4,076	4,323	4,756	5,300	4,300
5322	Postage	0	29	73	100	100
5334	Training Expenses	2,545	4,581	8,479	8,300	8,300
5335	Mileage Reimbursement-Local	412	903	1,833	900	900
5355	Printing and Copying	0	306	81	200	200
5389	Street Lighting	10,256	9,500	14,602	12,000	14,000
5401	Building & Structure Repair	59	1,131	95	5,000	5,000
5404	Equipment Repair & Maintenance	1,519	2,130	1,625	3,100	3,100
5409	Fleet Services Charges	41,857	48,852	34,725	30,000	30,000
5415 5418	Vehicle/Equipment Rental Vehicle/Equipment Lease	5,000 211	582 1,577	0 8,703	500 3,600	500 3,600
5433	Dues and Subscriptions	517	729	1,462	1,600	1,600
5435	Books & Pamphlets	297	335	774	700	700
5438	Licenses	0	444	80	200	200
5441	Other Services and Charges	1,692	2,780	2.484	2,500	2,500
5450	Laundry	1,786	1,834	1,227	1,500	1,500
5455	Pedestrian Bridge Operations	31,051	36,514	0	27,000	27,000
	TOTAL	206,284	272,110	214,827	208,700	228,100
	SUBTOTAL	1,887,502	1,964,448	1,438,626	1,962,800	1,884,700
EMPI	OYEE BENEFITS					
5121	P.E.R.A.	92,448	100,936	66,834	104,400	102,700
5122	F.I.C.A. Social Security	97,874	121,878	72,211	108,800	102,700
5123	F.I.C.A. Medicare	22,892	857	17,303	25,400	24,000
5131	Health Insurance	172,669	186,893	152,857	248,000	239,500
5132	Dental Insurance	9,281	10,125	7,668	12,900	9,700
5133	Life Insurance	6,405	6,074	3,997	6,200	6,000
	TOTAL	401,569	426,763	320,870	505,700	484,600
DIVIS	ON TOTAL	2,289,071	2,391,211	1,759,496	2,468,500	2,369,300



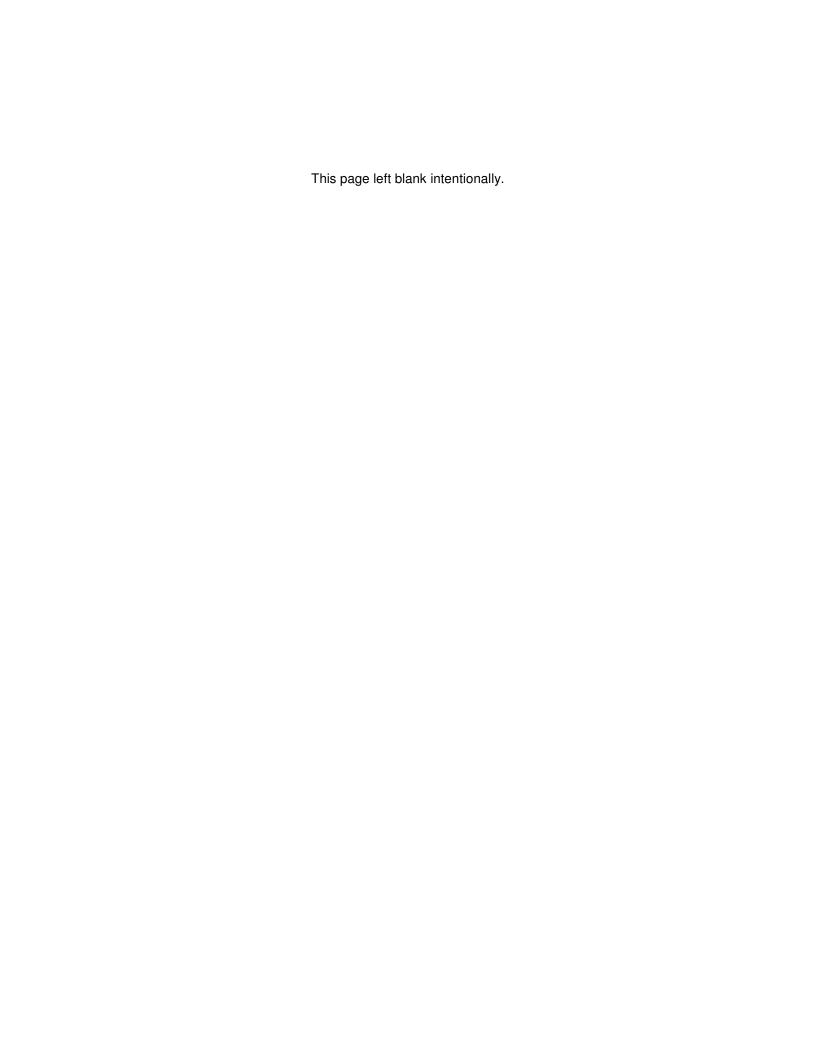
Transfers and Other Functions



Transfers and Other Functions

This department is a reporting agency that accounts for transfers to other funds and for miscellaneous activities and services that are not directly attributable or easily distributed to operating departments.

	2004	2005	2006	2007	
Expenditures	Actual	Actual	Budget	Budget	Difference
Organization Dues	37,531	38,724	30,000	40,000	10,000
Citywide Lobbying	42,174	39,030	54,000	54,000	0
Citywide Advertising	5,073	4,002	15,000	10,000	(5,000)
Citywide Copying	16,079	7,114	19,500	15,000	(4,500)
Postage	81,411	69,502	115,000	100,000	(15,000)
Auditing Services	76,070	81,576	98,600	108,600	10,000
Miscellaneous	110,841	107,862	130,000	130,000	0
Civic Events and Awards	8,574	9,929	10,000	10,000	0
Civil Defense	5,474	2,917	12,000	12,000	0
Special Projects/Events	118,928	90,740	40,000	65,000	25,000
Business Improvement Dist.	0	462,566	500,000	500,000	0
Aid to Other Agencies	7,750	3,700	10,000	10,000	0
Gambling Administration	238,096	0	15,000	15,000	0
Public Access Television	178,000	180,649	187,000	187,000	0
Capital Program	792,169	823,971	850,000	860,000	10,000
Community Inv Trust Projects	269,702	267,878	249,200	248,200	(1,000)
Energy Program Lease	153,901	153,901	0	0) O
Unemployment Compensation	25,618	0	25,000	25,000	0
Flexible Benefits	10,473	9,012	13,000	13,000	0
Retiree Insurance	4,942,858	5,243,919	5,570,200	6,127,200	557,000
Accruals	0	0	100,000	100,000	0
Self Insurance Contribution	1,500,000	1,200,000	1,300,000	1,300,000	0
Federal Program Support	81,365	52.674	80,000	55,000	(25,000)
Airbus Construction Project	875,000	875,000	875,000	875,000	(==,===)
Parking Improvement Debt	31,794	30.944	32,100	32,100	0
Street Improvement Program	2,859,100	3,533,400	4,239,800	5,261,100	1,021,300
caret improvement regram	_,000,.00	0,000,100	.,200,000	3,23.,.00	1,021,000
Department Total	12,467,981	13,289,010	14,570,400	16,153,200	1,582,800



Special Revenue Funds

Special Revenue Funds

Funds

Special Projects
Police Grants
Capital Equipment
Economic Development
Community Investment Trust
Energy Management
Special City Excise and Sales Tax
Home Program
Community Development
Community Development Admin
Workforce Investment Act
Senior Employment
Senior Nutrition
Other Post Employment Benefits

Special Revenue funds account for the specific financial resources other than special assessments, expendable trusts, or other major capital projects that are restricted to expenditures for specific purposes.

	2003 Actual	2004 Actual	2005 Actual	2006 Budget	2007 Budget
FUND BALANCE - JANUARY 1	40,840,871	45,637,469	51,354,323	56,153,187	59,749,987
REVENUES					
Taxes	4,846,952	4,941,611	5,026,161	5,307,700	5,693,000
Intergovernmental	9,263,754	8,677,668	8,637,379	9,122,500	7,408,300
Miscellaneous	8,342,492	9,144,922	9,243,605	10,824,200	15,740,200
TOTAL REVENUES	22,453,198	22,764,201	22,907,145	25,254,400	28,841,500
EXPENSES					
Personal Services	2,002,816	2,153,434	2,420,764	2,117,200	3,442,600
Other Services and Charges	2,813,119	1,966,085	1,787,333	2,111,500	1,159,600
Transfers	4,155,335	4,464,780	4,998,485	5,623,000	10,597,100
Miscellaneous	8,685,330	8,463,048	8,901,699	11,805,900	12,122,800
TOTAL EXPENSES	17,656,600	17,047,347	18,108,281	21,657,600	27,322,100
FUND BALANCE - DECEMBER 31	45,637,469	51,354,323	56,153,187	59,749,987	61,269,387

Special Projects

210

Special Revenue fund established to account for monies received as either donations or small grants which are to be expended for a specific purpose or project.

	2003 Actual	2004 Actual	2005 Actual	2006 Budget	2007 Budget
FUND BALANCE - JANUARY 1	209,990	309,600	300,178	331,528	331,528
REVENUES					
Intergovernmental	266,252	174,253	205,865	200,000	350,000
Miscellaneous	225,702	259,506	225,357	250,000	172,400
Transfers	9,250	30,896		10,000	
TOTAL REVENUES	501,204	464,655	431,222	460,000	522,400
EXPENSES					
Personal Services	46,556	38,180	35,815	50,000	37,800
Other Services and Charges	202,677	197,361	201,976	200,000	492,000
Transfers	3,351	33,570	3,652		10,000
Miscellaneous	119,545	191,978	158,429	170,000	224,500
Capital Equipment	29,465	12,988	0	40,000	8,200
TOTAL EXPENSES	401,594	474,077	399,872	460,000	772,500
FUND BALANCE - DECEMBER 31	309,600	300,178	331,528	331,528	81,428

Police Special Grants

215

Special Revenue fund established to account for monies received as either donations or small grants which are to be expended for a specific purpose or project.

	2003	2004	2005	2006	2007
	Actual	Actual	Actual	Budget	Budget
FUND BALANCE - JANUARY 1			0	141,898	141,898
REVENUES					
Intergovernmental			1,405,333	1,550,900	100,000
Miscellaneous			10,862	0	0
Felony Forfeitures			41,597	0	40,000
TOTAL REVENUES			1,457,792	1,550,900	140,000
EXPENSES					
Personal Services			3,134	84,600	
Other Services and Charges			143,115	261,600	40,000
Transfer to General Fund			274,177	139,800	50,000
Miscellaneous			348,785	300,200	50,000
Capital Equipment			546,683	764,700	
TOTAL EXPENSES			1,315,894	1,550,900	140,000
FUND BALANCE - DECEMBER 31			141,898	141,898	141,898

Capital Equipment

250

Special Revenue fund established to account for monies received from bond proceeds for the purchase of capital equipment for the City's various general fund departments.

	2003 Actual	2004 Actual	2005 Actual	2006 Budget	2007 Budget
FUND BALANCE - JANUARY 1	708,048	666,372	1,089,175	935,977	935,977
REVENUES					
Other Reimbursements	11,924	17,566	19,639		
Gifts and Donations		19,134			
Earnings on Investments	3,211	3,465	5014		
Bond Proceeds	1,200,000	1,355,000	1,110,000	1,750,000	1,950,000
TOTAL REVENUES	1,215,135	1,395,165	1,134,653	1,750,000	1,950,000
CAPITAL OUTLAY EXPENDITURES					
Capital Equipment - Nonrolling	770,897	512,169			200,000
Capital Equipment - Rolling	485,914	460,193	1,287,851	1,750,000	1,750,000
TOTAL EXPENSES	1,256,811	972,362	1,287,851	1,750,000	1,950,000
FUND BALANCE - DECEMBER 31	666,372	1,089,175	935,977	935,977	935,977

Economic Development

255

Fund accounts for monies received from the U.S. Department of Housing and Urban Development Action Grant Program. And monies received for bond service fees from the issuance of Industrial Revenue Bonds. Such monies are to be used for the revitalization of the economy of the City of Duluth.

	2003 Actual	2004 Actual	2005 Actual	2006 Budget	2007 Budget
FUND BALANCE - JANUARY 1	41,918	12,648	29,605	91,286	91,286
REVENUES					
Intergovernmental Revenues	121,850	21,765			
Interest Earnings	8,544		17,552	7,200	20,000
Transfer from DEDA	52,822		298,900		
Other Miscellaneous	5,457	13,727	197,987	5,700	13,200
TOTAL REVENUES	188,673	35,492	514,439	12,900	33,200
EXPENSES					
Transfer to DEDA	13,917				
Economic Development	204,026	18,535	452,758	12,900	38,500
TOTAL EXPENSES	217,943	18,535	452,758	12,900	38,500
FUND BALANCE - DECEMBER 31	12,648	29,605	91,286	91,286	85,986

Community Investment Trust

256

Fund accounts for monies received from Fond du Luth Casino in accordance with existing agreements with the Fond du Lac Band of Lake Superior Chippewa. As required by ordinance, interest is transferred and used for capital improvement projects with an additional amount transferred for administrative costs.

	2003 Actual	2004 Actual	2005 Actual	2006 Budget	2007 Budget
FUND BALANCE - JANUARY 1	39,337,755	43,573,919	48,804,332	53,691,244	57,291,244
REVENUES					
Casino Proceeds	5,440,225	5,653,523	5,608,777	5,850,000	5,675,000
Investment Earnings	595,571	1,355,137	1,336,322	2,500,000	3,298,000
TOTAL REVENUES	6,035,796	7,008,660	6,945,099	8,350,000	8,973,000
EXPENSES					
Administration - (annual)			90,000	235,000	250,000
Housing Investment Fund (2 of 5)				600,000	600,000
Peterson Arena (one-time)				0	1,200,000
Kroc Center Endowment (2 of 6)				1,200,000	1,200,000
Transfer to General Fund - BID (3	of 5)		200,000	200,000	200,000
Transfer to General Fund - (annu	a <u>1,799,632</u>	1,778,247	1,768,187	2,515,000	3,298,000
TOTAL EXPENSES	1,799,632	1,778,247	2,058,187	4,750,000	6,748,000
FUND BALANCE - DECEMBER 31	43,573,919	48,804,332	53,691,244	57,291,244	59,516,244

Energy Management

257

Special Revenue fund established to receive rebate and grant funds and pay administrative costs associated with energy efficiency projects and management activities such as the Cities for Climate Protection (CCP) program. For 2007, the City will use this funding to create an Office of Environmental Sustainability. The office will be responsible for coordinating all aspects of sustainability, ecodevelopment as well as the continuing on with the current responsibilities.

	2003	2003 2004	2005	2006	2007
	Actual	Actual	Actual	Budget	Budget
FUND BALANCE - JANUARY 1	0	343,455	284,644	269,233	266,033
REVENUES					
State of Minnesota	7,048				
Transfer from General fund				8,000	25,000
Federal Grant		15,000	8,250	15,000	
Other Reimbursements	600		13,619	50,000	25,000
From Public Utility	314,500	75,000	75,000	75,000	75,000
Utility Rebates	88,471	10,995			
TOTAL REVENUES	410,619	100,995	96,869	148,000	125,000
EXPENSES					
Personal Services		76,449	78,730	81,200	103,700
Other Services & Charges	61,035	14,852	6,094	20,000	100,000
Miscellaneous	6,129	68,505	27,456	50,000	
TOTAL EXPENSES	67,164	159,806	112,280	151,200	203,700
FUND BALANCE - DECEMBER 31	343,455	284,644	269,233	266,033	187,333

Special City Excise and Sales Tax (Tourism Taxes)

258

Special revenue fund established to account for non-general sales tax monies received from food/beverage and hotel/motel retailers. These food/beverage and hotel/motel taxes will be used for tourism and other related activities, as dictated by state statutes and city ordinances.

	2003 Actual	2004 Actual	2005 Actual	2006 Budget	2007 Budget
FUND BALANCE - JANUARY 1	136,352	216,726	340,787	193,576	193,576
REVENUES					
Hotel Motel 3%	1,275,901	1,273,340	1,278,223	1,322,000	1,485,000
Hotel Motel 1%	425,301	424,476	426,074	451,500	494,000
Add'l. 2.5% Hotel Motel Tax	977,934	967,489	970,785	1,034,200	1,136,000
Food & Beverage Tax 1.5%	2,167,816	2,276,306	2,351,079	2,500,000	2,578,000
TOTAL REVENUES	4,846,952	4,941,611	5,026,161	5,307,700	5,693,000
EXPENSES					
Duluth Entertainment &					
Convention Center	787,869	786,287	789,303	816,300	917,000
Convention & Visitors Bureau	1,178,400	1,146,900	1,222,200	1,281,400	1,380,600
Great Lakes Aquarium	225,000		150,000	170,800	200,000
St. Louis County Heritage &					
Arts Center	141,274	135,800	155,800	157,000	160,000
Public Arts Commission	30,000	30,000	30,000	30,000	39,000
Sister Cities Commission	35,600	35,600	35,600	34,000	60,000
Donations	30,000	30,000	38,000	50,000	50,000
Transfer to General Fund					
 Tourism Support 	703,020	991,867	1,116,911	1,031,500	1,024,000
- Bayfront Contract					50,000
Transfer for Debt Service					
- DECC	918,192	778,842	722,988	723,000	727,100
 Lake Superior Center 	717,223	560,454	551,868	548,100	539,400
- Spirit Mountain		225,000	225,000	225,000	225,000
- Bayfront		96,800	135,702	240,600	320,900
TOTAL EXPENSES	4,766,578	4,817,550	5,173,372	5,307,700	5,693,000
FUND BALANCE - DECEMBER 31	216,726	340,787	193,576	193,576	193,576

Home Program 260

Special Revenue fund established to account for monies received from the U.S. Department of Housing and Urban Development under the Home Investment Partnership (HOME) Program. These costs include single family rehabilitation and administration of the program, as well as funds targeted to affordable housing development by special community housing organizations (CHDO's). The 2007 budget figures represent preliminary estimates only.

	2003 Actual	2004 Actual	2005 Actual	2006 Budget	2007 Budget
FUND BALANCE - JANUARY 1	0	0	0	0	0
REVENUES					
Home Grant	1,073,132	778,247	817,085	830,000	810,000
TOTAL REVENUES	1,073,132	778,247	817,085	830,000	810,000
EXPENSES					
Tenant Based Rental Assistance				80,000	81,000
New Construction	53,928	40,124	40,854	150,000	133,500
CHDO Program	364,698	310,841	326,834	177,000	150,000
Home Ownership Program	143,610	50,164	49,025	40,000	0
Rehabilitation	427,113	312,196	335,005	300,000	364,500
Administration	83,783	64,922	65,367	83,000	81,000
TOTAL EXPENSES	1,073,132	778,247	817,085	830,000	810,000
FUND BALANCE - DECEMBER 31	0	0	0	0	0

Community Development

262

Special Revenue fund established to account for monies received from the U.S. Department of Housing and Urban Development (HUD) as a grantee under the Community Development Block Grant Program. These monies are to be expended for projects considered necessary for the renewal and revitalization of targeted eligible neighborhoods and low and moderate income households in Duluth. The 2007 budget figures represent preliminary estimates only, awaiting the allocation of HUD funds.

	2003 Actual	2004 Actual	2005 Actual	2006 Budget	2007 Budget
FUND BALANCE - JANUARY 1	2,450	3,870	9,212	33,548	33,548
REVENUES					
State of Minnesota			3,084		
Community Development					
Block Grant	3,645,977	4,147,582	3,111,507	3,200,000	2,898,000
Emergency Shelter Grant	123,472	126,641	110,773	125,000	124,000
Lead Paint Program	2,576				
Tax Credit Fees	1,500	5,500	3,479	1,500	1,500
TOTAL REVENUES	3,773,525	4,279,723	3,228,843	3,326,500	3,023,500
EXPENSES					
Economic Development	467,017	429,387	321,912	320,000	144,900
Housing	1,317,549	1,292,378	968,897	1,020,000	1,247,600
Physical Improvements	785,288	1,380,787	1,035,177	800,000	637,600
Public Service Projects	650,863	632,617	474,273	598,800	465,600
Program Administration	551,388	539,212	404,248	587,700	527,800
TOTAL EXPENSES	3,772,105	4,274,381	3,204,507	3,326,500	3,023,500
FUND BALANCE - DECEMBER 31	3,870	9,212	33,548	33,548	33,548

Community Development Administration

265

Special Revenue fund established to account for the administrative costs associated with the Community Development Block Grant Program and other HUD Programs.

	2003 Actual	2004 Actual	2005 Actual	2006 Budget	2007 Budget
FUND BALANCE - JANUARY 1	0	0	0	0	0
REVENUES					
Community Development					
Block Grant	445,831	361,243	392,170	581,500	601,600
Home	80,141	68,971	75,599	83,000	81,000
Transfer from DEDA	18,485	18,226			
Emergency Shelter Grant	5,794	5,646	4,725	6,300	6,200
Transfer from General Fund	35,000				
TOTAL REVENUES	585,251	454,086	472,494	670,800	688,800
EXPENSES					
Personal Services OPEB	523,540	427,351	436,664	622,100	527,600 118,200
Other Services and Charges	61,711	26,735	35,830	48,700	43,000
TOTAL EXPENSES	585,251	454,086	472,494	670,800	688,800
FUND BALANCE - DECEMBER 31	0	0	0	0	0

BUDGETED FTE'S	2003	2004	2005	2006	2007
1085 Manager, CD/Housing	1	1	1	1	1
134 Senior Planner	2	2	2	2	2
131 Assistant Planner	4	4	4	4	3
127 Planning Aide	1	1	1	1	0
124 Information Technician	2	2	1	1	1
Division Total	10	10	9	9	7

Workforce Investment Act

268

Special Revenue fund which accounts for monies received through the Minnesota Department's of Economic Security and Trade, Economic Development, and Human Services to provide workforce development services for unemployed and underemployed persons. The 2007 budget figures represent preliminary estimates only and are subject to change as grants are appropriated by the State and approved by the City Council.

	2003 Actual	2004 Actual	2005 Actual	2006 Budget	2007 Budget
FUND BALANCE - JANUARY 1	404,358	510,879	496,390	464,897	464,897
REVENUES					
LIGSS	256,800				
Miscellaneous	8,750	15,326	4,045	10,000	4,500
Food Stamp Employment	117,815	50,907	37,588	50,000	30,000
MFIP	1,337,587	1,151,376	920,926	1,050,000	1,050,300
Federal Grant	673,835	734,509	582,627	550,000	550,000
State Grant	485,170	421,144	338,299	260,000	260,000
TOTAL REVENUES	2,879,957	2,373,262	1,883,485	1,920,000	1,894,800
EXPENSES					
Personal Services	1,203,631	1,314,832	1,349,658	1,015,200	1,815,100
OPEB					371,500
Other Services and Charges	1,569,805	1,072,919	565,320	904,800	79,700
TOTAL EXPENSES	2,773,436	2,387,751	1,914,978	1,920,000	2,266,300
FUND BALANCE - DECEMBER 31	510,879	496,390	464,897	464,897	93,397

 BUDG	ETED FTE'S	2003	2004	2005	2006	2007
1085	Mgr, Employment & Training	1	1	1	1	1
132	Sr Comm Service Emp Dir	2	1	1	1	1
131	Employment Technician	21	17	17	17	15
125	Information Technician	2	2	2	2	3
27	Clerical Support Technician	2	1	1	1	0
	Division Total	28	22	22	22	20

Senior Programs

270

Special Revenue fund which accounts for monies received through the Minnesota Department of Economic Security and the National Council of Senior Citizens under Title V of the Older Americans Act to provide useful part-time Employment for low-income elderly and to improve community services where needed.

	2003 Actual	2004 Actual	2005 Actual	2006 Budget	2007 Budget
FUND BALANCE - JANUARY 1	0	0	0	0	0
REVENUES					
Senior Employment Program -					
State	101,697	101,512	105,753	104,500	108,700
Senior Aides Program -	•	·	•	,	ŕ
Federal	242,833	259,938	245,107	243,200	172,200
TOTAL REVENUES	344,530	361,450	350,860	347,700	280,900
EXPENSES					
Personal Services	43,700	69,852	334,802	59,100	280,900
Other Services and Charges	300,830	291,598	16,058	288,600	ŕ
TOTAL EXPENSES	344,530	361,450	350,860	347,700	280,900
FUND BALANCE - DECEMBER 31	0	0	0	0	0

Senior Nutrition 272

Special Revenue fund established to account for monies received from the Arrowhead Regional Development Commission under the Older Americans Act of 1965 for providing hot meals and other services to people 60 years of age or older.

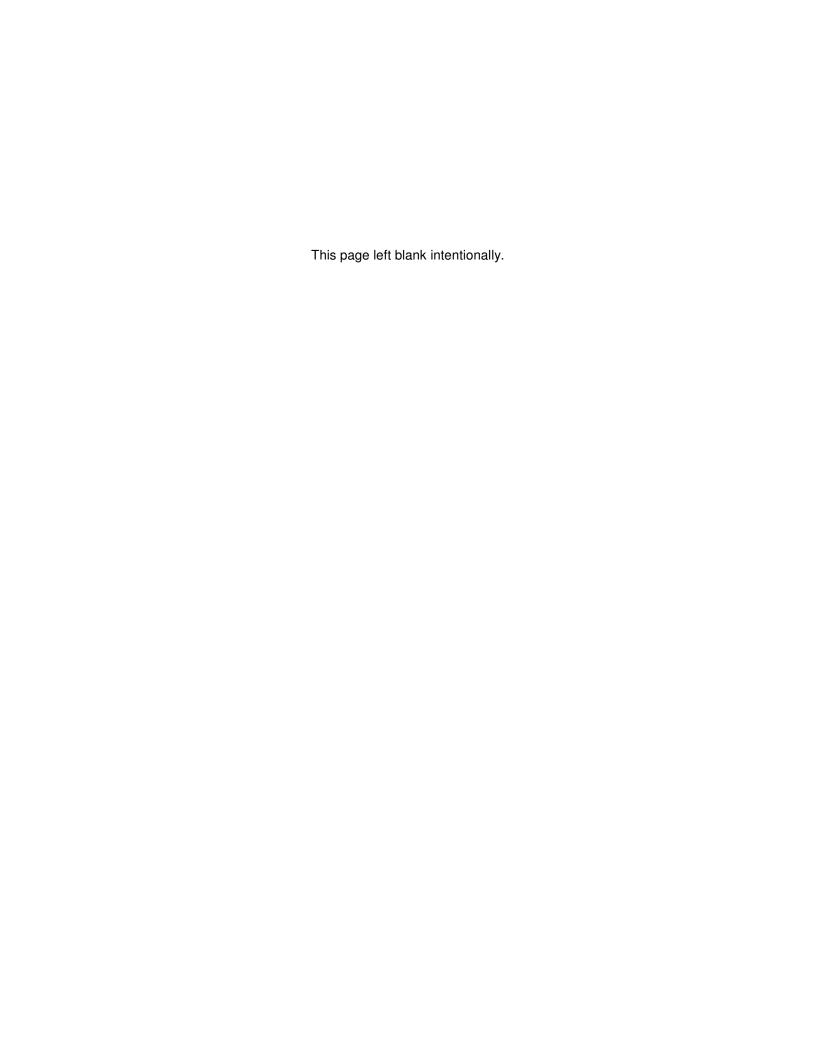
	2003 Actual	2004 Actual	2005 Actual	2006 Budget	2007 Budget
FUND BALANCE - JANUARY 1	0	0	0	0	0
REVENUES					
Federal Grant	221,934	201,901	217,676	220,100	213,300
State Grant	52,510	51,533	51,533	51,500	51,500
Transfer from General Fund	100,112	81,365	52,674	75,400	60,200
Other Reimbursements			56,729		52,600
Gifts and Donations	223,868	236,056	169,532	232,900	176,600
TOTAL REVENUES	598,424	570,855	548,144	579,900	554,200
EXPENSES					
Personal Services	185,389	226,770	181,961	205,000	187,800
Other Services and Charges	413,035	344,085	366,182	374,900	366,400
TOTAL EXPENSES	598,424	570,855	548,143	579,900	554,200
FUND BALANCE - DECEMBER 31	0	0	0	0	0

Other Post Employment Benefits - OPEB

280

To accumulate resources to be deposited into an irrevocable trust fund for retiree health care costs. This fund only budgets the accrued liability portion of the annual required contribution for Other Post Employment Benefits. The "normal cost" portion of the annual required contribution is budgeted in the Medical Health Fund 630.

	2003	2004	2005	2006	2007
	Actual	Actual	Actual	Budget	Budget
FUND BALANCE - JANUARY 1					0
REVENUES					
Transfer from Special Revenue Fund	ds (Grants)				286,000
Transfer from Enterprise Funds	,				2,366,700
Transfer from Internal Service (Grou	p Health)				1,500,000
TOTAL REVENUES					4,152,700
EXPENSES					
Irrevocable Trust					4,152,700
TOTAL EXPENSES					4,152,700
FUND BALANCE - DECEMBER 31					0



Debt Service Funds

Debt Service Funds

<u>Funds</u>

GO Debt Service – Tax Levy GO Debt Service – Other Sources Special Assessment Debt Street Improvement Debt Transit Bond Fund St. Louis Bay Industrial Park Debt Service Funds account for the accumulation of resources for, and the payment of long term principal, interest and related costs. The City is meeting all of its debt service policy statements as outlined in the budget summary in the Introduction Section of the document.

	2003 Actual	2004 Actual	2005 Actual	2006 Budget	2007 Budget
FUND BALANCE - JANUARY 1	18,973,712	19,379,959	18,553,991	11,696,096	12,201,796
REVENUES					
Taxes	3,812,995	3,506,544	3,454,409	3,689,900	4,500,000
Intergovernmental	565,417	435,923	425,658	0	0
Special Assessments	2,300,270	2,393,209	2,565,836	3,000,000	2,900,000
Miscellaneous	354,334	363,913	644,525	100,300	52,900
Other Financing Sources	16,703,761	9,232,658	13,883,256	8,776,200	10,612,400
TOTAL REVENUES	23,736,777	15,932,247	20,973,684	15,566,400	18,065,300
EXPENSES					
Debt Service Payments	22,598,433	16,222,386	27,405,963	14,751,200	15,717,400
Miscellaneous	732,097	535,829	425,616	309,500	241,100
TOTAL EXPENSES	23,330,530	16,758,215	27,831,579	15,060,700	15,958,500
FUND BALANCE - DECEMBER 31	19.379.959	18.553.991	11.696.096	12.201.796	14.308.596

Debt Service Funds Narrative

2006 DEBT STATUS

The ratio of net direct bonded debt to assessed and market valuations and the amount of bonded debt per capita are useful indicators of the City's debt position. Net direct bonded debt is considered to be tax supported, and is levied by taking the gross bonded debt of the City and subtracting allowable deductions for various revenue, tax increment, and special assessment issues. Estimated net direct bonded debt as of December 31, 2006 as it pertains to the City of Duluth is estimated as follows:

Total Gross Bonded Debt \$147,968,488

Less:

City Revenue Bonds	\$ 2,440,000
City - general obligation bonds paid by other revenues	7,515,000
Tax Abatement Bonds	310,000
Tax increment bonds	8,924,288
Utility bonds paid from Enterprise Funds	44,535,000
Special assessment bonds	54,960,000

Net Direct Bonded Debt \$29,284,200

The City's debt is shown in the following table as a share of market value and per capita. The general obligation debt is limited by State Statute to 2.0 percent of market value.

	Amount	Percent of	Dollars
<u>Year</u>	<u>(in Thousands)</u>	Market Value	Per Capita
2007	\$29,284	0.6	\$337
2006	\$26,802	0.6	\$308
2005	\$19,208	0.5	\$221
2004	\$21,365	0.6	\$245
2003	\$23,037	0.7	\$265
2002	\$24,203	0.8	\$279
2001	\$26,676	1.0	\$312
2000	\$18,151	0.7	\$212
1999	\$16,294	0.7	\$191
1998	\$15,770	0.7	\$184
1997	\$15,113	0.7	\$177

The preceding table used an estimated tax capacity value of \$59,544,350, an Assessor's estimated taxable market value of \$5,141,528,200, and a population of 86,918 as reported in the 2000 census.

Debt Service Funds Narrative

During 2006, the City of Duluth will issue an estimated \$15,190,000 in bonds and retire \$13,410,925 in bond principal. The 2007 issues consist of a \$2,651,700 bond issue for 2007 Street Improvement Program; \$1,950,000 for capital equipment purchases; \$1,210,000 for capital improvements; \$1,530,000 for special assessment projects; and \$2,500,000 for sewer improvement projects.

The following table provides more detailed information concerning the changes in debt which will occur during 2006, and also the anticipated 2007 issues.

2006

ANTICIPATED

2006

	2006 ISSUED	2006 RETIRED	ISSUE
General Obligation	\$2,645,000	\$3,573,700	\$3,160,000
Special Assessment	5,340,000	4,299,300	4,181,700
Revenue	0,340,000	1,625,925	4,101,700
Revenue & General Obligation	7,205,000	3,912,000	2,500,000
nevenue & General Obligation	7,203,000	3,912,000	2,300,000
-			
Total Issued/Retired in			
2006 and anticipated			
Issues for 2007	\$15,190,000	<u>\$13,410,925</u>	\$9,841,700
			
Bonds funded by Other Financing So	urces:		
	Issue	Outstanding	Debt
General Fund Debt Requirements	Date	12/31/06	Requirements
SIP-1994 Project Year (refunding)	3/1/03	199,500	53,286
SIP-1995 Project Year (refunding)	3/1/03	1,557,500	415,720
SIP-1996 Project Year (refunding)	9/7/06	2,115,000	403,950
SIP-1997 Project Year (refunding)	12/19/05	2,413,900	465,325
SIP-1998 Project Year	8/1/98	3,135,000	458,940
SIP-1999 Project Year	6/1/99	3,410,000	479,919
SIP-2000 Project Year (refunding)	9/1/00	3,110,000	370,260
SIP-2001 Project Year	9/1/01	2,985,000	349,210
SIP-2002 Project Year	9/1/02	2,570,000	268,526
SIP-2003 Project Year	9/1/03	3,615,000	360,410
SIP-2004 Project Year	9/1/04	3,660,000	336,068
SIP-2005 Project Year	10/1/05	3,260,000	306,694
SIP-2006 Project Year	9/7/06	2,525,000	236,000
Funded by New Growth Tax and Con	nmunity Investm	nent Trust Earnings	\$4,504,308
Casino Parking	6/1/99	210,000	29,200
Tech Village	6/1/99	1,845,000	260,900
Funded by Parking Revenues			290,100
General Fund Debt Requirements			\$4,794,408
General Fund Debt nequirements			φ 4 ,7 34,4 00

Debt Service Funds Narrative

Transfer from Special Revenue Funds Duluth Entertainment Center Bayfront Park Lake Superior Center Lake Superior Center (refunding) Lake Superior Center Funded by Tourism Taxes	Issue Date 2/1/99 4/1/01 12/1/99 12/19/05 12/1/99	Outstanding 12/31/06 4,865,000 1,880,000 1,025,000 1,765,000 185,000	Debt Requirements 727,200 320,900 287,900 201,800 49,600 \$1,587,400
Transfer from DEDA Upper Leif Erickson Park (refunding) Canal Park Lake Superior Center Medical District Parking Tech Village Funded by DEDA	10/1/02 9/1/97 5/1/99 12/16/2005 6/1/99	45,000 550,000 1,155,000 3,920,800 710,000	23,700 269,000 587,300 545,700 101,200 1,526,900
Funded by Others Bayfront Park Bayfront Park Warming Facility Seaway Port - Airpark DECC Refunding Airport - Cirrus Lakewalk Homes Funded by Others	4/01/01 12/01/03 9/1/04 4/01/01 2/01/02 10/1/05	1,880,000 189,800 900,000 3,565,000 2,890,000 310,000	180,000 35,000 81,700 800,100 360,500 12,700 1,470,000

As you will notice on the revenue and expense summary for debt service funds, fund balance amounts keep increasing. This is because all required debt payments due in February of the following year are included.

Debt Service Funds Narrative

The following tables provide specific information relative to the 2006 status of the debt service funds of the City of Duluth. The appropriation budgets of each specific debt fund follow this presentation.

General Obligation Bonds:	Issue Date	Outstanding 12/31/06	2007 Levy Requirements
Street Improvement (refunding)	5/1/98	150,000	78,400
Park Improvements (refunding)	9/1/02	180,000	95,000
DECC (refunding)	3/1/03	1,425,000	387,000
Bayfront Park Warming Facility	12/01/03	140,200	25,100
Zoo Refunding	9/1/97	1,485,000	289,100
Medical District Ramp	12/20/05	8,864,200	546,100
West Michigan St.	2/1/98	1,075,000	162,500
Equipment	12/20/02	380,000	391,400
Equipment	12/20/03	495,000	257,400
Equipment	12/20/04	830,000	295,600
Equipment	12/20/05	905,000	251,200
Equipment	2006	1,325,000	393,100
Capital Improvement Projects	3/1/04	720,000	102,800
Capital Improvement Projects	6/1/05	1,255,000	162,600
Capital Improvement Projects	2006	900,000	123,900
Capital Improvement Projects	2007	1,250,000	35,000
Street Improvement	2007		225,000
Tax Anticipation Certificates	2007		600,000
TOTAL DEBT SERVICE			4,421,200
5% Additional required by law (1)			221,000
			4,642,200
Less: Cash Reserve			(300,000)
NET DEBT LEVY - Total required by ta	xation		4,342,200
	Issue	Outstanding	
Transit Bond Fund	<u>Date</u>	12/31/06	2007 Levy Requirements
Transit Bond Fund	9/1/97	125,000	66,000
Transit Bond Fund	9/1/01	370,000	84,300
		· <u>-</u>	<u> </u>
TOTAL DEBT SERVICE			150,300
5% Additional required by law (1)			7,500
NET DEBT LEVY - Total required by ta:	xation		\$157,800

⁽¹⁾ State law requires the City set aside 5% of existing bond obligations to cover anticipated shortages from tax delinquency.

General Obligation Debt Fund – Tax Levy

310

This Debt Service Fund is for the payment of general obligation bonds issued by the City. For the year 2003 and beyond, this fund will account for only tax levy supported bonds. Tax increment supported and revenue supported general obligation bonds are now accounted for in fund 0320 - GO Debt Service - Other sources.

	2003 Actual	2004 Actual	2005 Actual	2006 Budget	2007 Budget
FUND BALANCE - JANUARY 1	1,715,076	2,316,969	2,526,351	2,231,505	2,110,205
REVENUES					
Current Property Taxes	3,426,776	3,262,092	3,255,928	3,532,100	4,342,200
Delinquent Property Taxes	60,231	70,404	58,099		
Homestead Credit	516,737	414,461	408,435		
Sale of Bonds	2,405,000		1,485,000		
Bond Premium	10,340	71,281	84,014		
Accrued Interest	1,411	462	2,507		
Other Sources			35,000		
Transfer from Capital Project		17,566	,		
Transfer from Debt Service	282,198	,			
Cash Reserve	. ,				300,000
TOTAL REVENUES	6,702,693	3,836,266	5,328,983	3,532,100	4,642,200
EXPENSES					
Debt Service Payments:					
Tax Levy	3,310,241	3,231,027	5,341,274	3,353,800	3,713,700
Other Expenditures:	-,,	0,000,000	-,,	2,222,222	2,1 12,1 2
Transfer to SA Debt Service	391,130	16,103	15,239	14,600	
Payment to Escrow	2,378,776	,	,	,	
Bond Discount/Issuance	17,206				
Bond Fees	3,447	4,754	27,077	5,000	5,000
Transfer to SIP Debt Service	0 ,	375,000	240,239	280,000	225,000
TOTAL EXPENSES	6,100,800	3,626,884	5,623,829	3,653,400	3,943,700
FUND BALANCE - DECEMBER 31	2,316,969	2,526,351	2,231,505	2,110,205	2,808,705

General Obligation Debt Fund – Other Sources

320

This debt service fund was created in 2003 to account for the payment of general obligation bonds issued by the City which are tax increment and revenue supported debt. Prior to 2003, these bonds were paid out of fund 0310-General Obligation Debt Fund. Excluded from this fund are utility bonds and special assessment bonds.

	2003 Actual	2004 Actual	2005 Actual	2006 Budget	2007 Budget
ELINE ELINES LANGE					
FUND BALANCE - JANUARY 1 REVENUES	2,952,573	3,002,810	3,082,176	1,190,927	1,306,527
Transfer from Special Revenue -					
Lake Superior Zoo	534,319				
Lake Superior Center	256,313	549,458	551,900	554,200	539,400
DECC Expansion and Parking	635,992	722,188	723,000	725,000	727,200
Bayfront	,	96,800	147,400	240,600	320,900
Transfer from General Fund -		,	,	,	,
Recreation Bonds	70,900				
Casino Parking	15,535	31,794	30,900	32,100	29,200
Tech Village	263,801	257,213	260,600	260,500	260,900
Transfer from DEDA -	,	,	,	,	,
Upper Lief Erickson	22,938	23,538	24,000	25,400	23,800
Bayfront	30,326	31,138	30,800	-,	-,
Canal Park	314,841	320.375	307,600	296,600	269,000
Lake Superior Center	609,888	610,638	610,100	615,200	587,300
Tech Village	96,760	99,422	101,900	101,100	101,200
Medical District Parking					545,600
Funded by Others -					
Lake Superior Center					
Bayfront Park	380,000	380,000	380,000	180,000	180,000
DECC Refunding	796,363	801,413	799,500	802,300	800,100
Seaway Port - Airpark		89,383		82,700	81,200
Airport	371,924	350,174	360,000	356,100	360,500
Accrued Interest		4,844			12,700
TOTAL REVENUES	4,399,900	4,368,378	4,327,700	4,271,800	4,839,000
EXPENSES					
Bond Principal	2,672,000	3,004,000	3,101,000	3,087,000	3,412,000
Bond Interest	1,392,739	1,281,775	1,190,513	1,065,700	1,265,200
Bond Discount/Issuance			37,915		
Payment to Escrow	2,725	3,237	1,886,254	2.500	5,000
Fiscal Agents Transfer to Debt Service	2,725 282,199	3,237	3,267	3,500	5,000
TOTAL EXPENSES	4,349,663	4,289,012	6,218,949	4,156,200	4,682,200
TOTAL EXI LINGLO	7,040,000	7,200,012	0,210,343	4,130,200	4,002,200
FUND BALANCE - DECEMBER 31	3,002,810	3,082,176	1,190,927	1,306,527	1,463,327

Special Assessment Debt Service

325

The Debt Service Fund accounts for the accumulation of resources and the payment of principal, interest and related costs on special assessment bonds issued by the City.

	2003 Actual	2004 Actual	2005 Actual	2006 Budget	2007 Budget
FUND BALANCE - JANUARY 1	831,092	499,588	374,987	132,101	14,001
REVENUES					
Construction Assessments Construction Assessments	858,217	782,329	1,136,674	1,600,000	1,600,000
with Taxes	233,642	390,010	159,339		
Construction Penalty and Interest Construction Penalty and Interest	206,346	191,397	309,259		
with Taxes	40,103	23,318	9,346		
Earnings on Investments	1,063	315	212	300	200
Accrued Interest	3,550		5,264		
Forfeited Taxes	16,751	2,096	2,390		
Sale of Bonds	583,600		200,000		
Bond Premium			3,570		
Transfer from Community Develop		134,732			
Transfer from Debt Service Funds _	16,130	16,103	15,239	14,600	
TOTAL REVENUES	1,959,402	1,540,300	1,841,293	1,614,900	1,600,200
EXPENSES					
Bond Principal	1,323,300	1,254,595	1,392,700	1,295,300	1,291,600
Bond Interest	383,502	407,703	383,895	434,900	455,300
Bond Discount/Issuance			2,594		
Payment to Escrow	571,583		302,213		
Fiscal Agents	12,521	2,603	2,777	2,800	2,800
TOTAL EXPENSES	2,290,906	1,664,901	2,084,179	1,733,000	1,749,700
FUND BALANCE - DECEMBER 31	499,588	374,987	132,101	14,001	(135,499)

Street Improvement Debt Service

330

This Debt Service Fund accounts for the accumulation of resources and the payment of principal, interest and related costs on street improvement bonds issued by the City.

	2003 Actual	2004 Actual	2005 Actual	2006 Budget	2007 Budget
FUND BALANCE - JANUARY 1	8,377,034	8,918,519	8,790,178	7,872,843	8,498,643
REVENUES					
Construction Assessments	1,208,411	1,220,870	1,269,823	1,400,000	1,300,000
Earnings on Investments	49,878	111,724	40,447	100,000	40,000
Accrued Interest	5,371	953			
Sale of Bonds	3,936,400		2,820,000		
Bond Premium			50,333		
Transfer from General Fund	3,248,100	2,859,100	3,533,400	4,239,800	5,261,100
Transfer from Community Develop	113,043	97,445			
Transfer from Debt Service	375,000	375,000	225,000	250,000	225,000
Transfer from Capital Project	,	44,239	,	,	,
Transfer from Special Assessment		,			
TOTAL REVENUES	8,936,203	4,709,331	7,939,003	5,989,800	6,826,100
EXPENSES					
Fiscal Agent Fees	1,783	2,415	3,349	2,900	2,900
Payment to Escrow	4,015,163		3,770,316		
Bond Principal	2,715,000	3,083,600	3,308,600	3,578,000	3,677,400
Bond Interest	1,662,772	1,682,608	1,737,742	1,783,100	1,754,600
Bond Discount/Issuance	, ,	, ,	36.331	, ,	, ,
Transfer to General Fund		69.049	,		
TOTAL EXPENSES	8,394,718	4,837,672	8,856,338	5,364,000	5,434,900
FUND BALANCE - DECEMBER 31	8,918,519	8,790,178	7,872,843	8,498,643	9,889,843

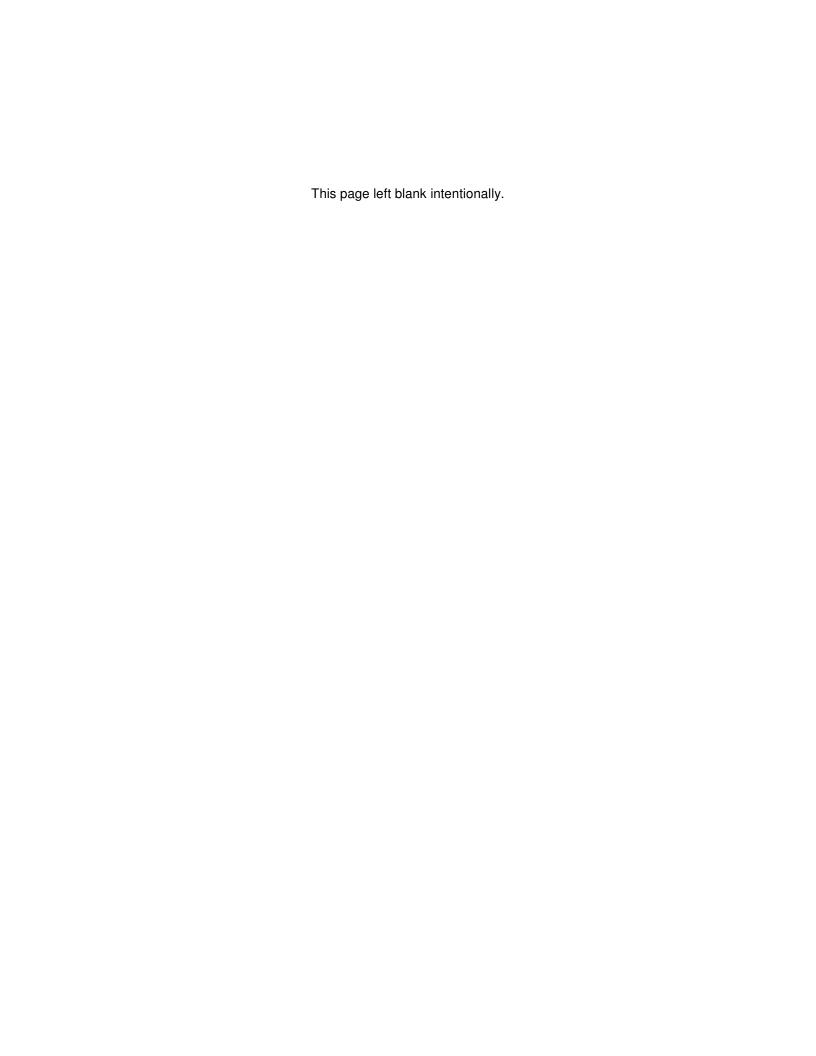
Transit Bond 345

This Debt Service Fund is for the payment of interest payments and principal payments for bonds issued by the City for the Duluth Transit System.

	2003 Actual	2004 Actual	2005 Actual	2006 Budget	2007 Budget
FUND BALANCE - JANUARY 1	591,749	612,153	294,821	268,720	272,420
REVENUES					
Current Property Taxes	322,823	168,924	137,298	157,800	157,800
Delinquent Property Taxes	3,165	5,124	3,084		
Homestead Credit	48,680	21,462	17,223		
TOTAL REVENUES	374,668	195,510	157,605	157,800	157,800
EXPENSES					
Interest Expense	58,889	42,055	28,356	28,400	17,600
Fees & Commissions	375	787	350	700	400
Bond Redemption	295,000	470,000	155,000	125,000	130,000
TOTAL EXPENSES	354,264	512,842	183,706	154,100	148,000
FUND BALANCE - DECEMBER 31	612,153	294,821	268,720	272,420	282,220

St. Louis Bay Industrial ParkTax Increment Revenue Bonds issued December 1, 1985 for the construction of Lake Superior Paper Tax Increment District #6.

	2003 Actual	2004 Actual	2005 Actual	2006 Budget	2007 Budget
FUND BALANCE - JANUARY 1	4,506,188	4,029,920	3,485,478		
REVENUES					
Current Tax Increment	1,334,050	1,253,658	1,139,000		
Earning on Investments	29,861	28,804	240,100		
TOTAL REVENUES	1,363,911	1,282,462	1,379,100		
EXPENSES					
Other Services and Charges		800			
Interest Expense	79,468	65,023			
Fees & Commissions	20,711	61,081	56,478		
Bond Redemption	1,740,000	1,700,000	4,808,100		
TOTAL EXPENSES	1,840,179	1,826,904	4,864,578		
FUND BALANCE - DECEMBER 31	4,029,920	3,485,478	0		



Capital Projects Funds

Capital Projects Funds

Funds

Special Assessment Capital Permanent Improvements Street Improvement Program Capital Improvement Fund Capital Projects funds account for financial resources to be used for the acquisition, construction or improvement of capital facilities other than those financed by enterprise funds.

	2003	2004	2005	2006	2007
	Actual	Actual	Actual	Budget	Budget
FUND BALANCE - JANUARY 1	826,603	848,447	971,197	1,215,711	1,215,711
REVENUES					
Taxes	515,404	260,151	283,814	495,000	522,100
Intergovernmental	9,223,415	7,737,778	5,937,886	10,355,800	5,251,300
Miscellaneous	1,260,411	445,426	2,631,585	191,300	561,100
Other Financing Sources	7,988,766	7,076,428	8,769,193	6,565,200	5,981,700
TOTAL REVENUES	18,987,996	15,519,783	17,622,478	17,607,300	12,316,200
EXPENSES					
Current	641,452	679,620	163,973	125,000	100,000
Capital Outlay	18,324,700	14,717,413	17,213,991	17,482,300	12,216,200
TOTAL EXPENSES	18,966,152	15,397,033	17,377,964	17,607,300	12,316,200
FUND BALANCE - DECEMBER 31	848,447	971,197	1,215,711	1,215,711	1,215,711

Special Assessment Capital Project

410

Capital Project fund established to account for improvements which are financed by special assessments. The 2006 budget figures represent preliminary estimates only.

	2003 Actual	2004 Actual	2005 Actual	2006 Budget	2007 Budget
FUND BALANCE - JANUARY 1	2,275,726	1,404,576	755,887	(203,168)	(203,168)
REVENUES					
Federal Government	704,723				
State of Minnesota	612,228				
CDBG Share		65,000		25,400	
Local Share of Improvements	420,502	18,691	733,113		
Permanent Improvements	49,745				
Earnings on Investments	12,077	7,411			
Public Utility	257,872		95,000		
Municipal State Aid	1,329,014	2,713,887	1,951,255	1,360,000	500,000
Earnings on Investments			583		
Bond Proceeds	2,010,000	945,000	2,275,000	1,000,000	1,530,000
TOTAL REVENUES	5,396,161	3,749,989	5,054,951	2,385,400	2,030,000
EXPENSES					
Improvements Other Than					
Buildings	6,202,552	4,388,097	5,942,769	2,335,400	2,000,000
Transfer to Permanent Improveme	31,972	10,581			
Transfer to Debt Service			42,919		
Other Professional Services	32,787		28,318	50,000	30,000
TOTAL EXPENSES	6,267,311	4,398,678	6,014,006	2,385,400	2,030,000
FUND BALANCE - DECEMBER 31	1,404,576	755,887	-203,168	(203,168)	(203,168

Permanent Improvement

411

Minnesota State Laws 1971, Chapter 824 – authorizing the City to levy an amount not to exceed .04836 percent of the tax capacity of the City to pay the cost of local improvements which will not sustain a special assessment.

	2003	2004	2005	2006	2007
	Actual	Actual	Actual	Budget	Budget
FUND BALANCE - JANUARY 1	(1,423,190)	(389,047)	(40,281)	(289,515)	(289,515)
OPERATING REVENUES					
Current Property Taxes	507,098	250,192	278,425	495,000	522,100
Delinquent Property Taxes	8,306	9,959	5,389		
Miscellaneous Federal Grants	947,321	533,155	34,427	850,000	256,300
State of Minnesota	2,590,244	2,454,212	3,372,878	6,021,400	2,497,500
Homestead Credit	76,467	31,788	34,927		
Municipal State Aid	1,641,376	1,136,583	531,780	2,124,400	1,997,500
St. Louis County		286,104			
Other Share of Improvements		48,744	25,257		
Sale of Land		24,000			
OPERATING TRANSFERS IN					
Transfer from General Fund			10,713		
Community Development Fund	24,700	62,191	3,829		
Special Assessment Fund	31,972	10,581			20,000
Street Improvement Fund	185,828				
Public Utility Funds	61,266	329,315	289,651	1,213,500	530,000
TOTAL REVENUES	6,074,578	5,176,824	4,587,276	10,704,300	5,823,400
CURRENT EXPENDITURES	528,705	524,112			
CAPITAL OUTLAY EXPENDITURES					
Land	(2,250)				
Buildings and Structures	12,617				
Improvements Other than Buildings	4,451,618	4,303,946	4,836,510	10,704,300	5,823,400
OPERATING TRANSFERS OUT					
Special Assessment Capital Projects	49,745				
TOTAL EXPENSES	5,040,435	4,828,058	4,836,510	10,704,300	5,823,400
FUND BALANCE - DECEMBER 31	(389,047)	(40,281)	(289,515)	(289,515)	(289,515)

^{*} Actual amounts reflect all GASB required adjustments related to revenue recognition, such as timing and availablity, while budget amounts are based on the year a project begins.

Street Improvement Program

Capital Project Fund established to account for improvements to be made as part of the City's 25-year Street Improvement Program.

	2003	2004	2005	2006	2007
	Actual	Actual	Actual	Budget	Budget
FUND BALANCE - JANUARY 1	(293,421)	(265,279)	(462,543)	(391,520)	(391,520)
REVENUES					
Federal Grant Municipal State Aid		337,000			
CD Share Public Utility	79,704	120,669	95,925 1,107,305	165,900	561,100
Local Share of Improvements		11,886	73,922		
Earnings on Investments	32	261			
Bond Proceeds	5,035,000	4,829,341	4,260,000	3,481,700	2,651,700
TOTAL REVENUES	5,114,736	5,299,157	5,537,152	3,647,600	3,212,800
EXPENSES					
Improvements Other than					
Buildings	4,820,806	5,367,446	5,426,979	3,572,600	3,182,800
Other Professional Services	79,960	84,736	39,150	75,000	30,000
Transfer to Permanent Improvem	185,828				
Transfer to Debt Service		44,239			
TOTAL EXPENSES	5,086,594	5,496,421	5,466,129	3,647,600	3,212,800
FUND BALANCE - DECEMBER 31	(265,279)	(462,543)	(391,520)	(391,520)	(391,520)

Capital Improvement

450

Capital Project fund established to account for bond proceeds, transfers from other funds, and other revenues received for capital improvement projects.

	2003	2004	2005	2006	2007
	Actual	Actual	Actual	Budget	Budget
FUND BALANCE - JANUARY 1	267,488	98,197	718,134	2,099,914	2,099,914
REVENUES					
State of Minnesota	1,322,042	245,049	12,619		
Gifts & Donations	70,000				
Damages Recovered			500,000		
Other Reimbursements	370,479	148,764	480		
Transfer from General Fund	215,000	100,000	290,000		
Transfer from Special Revenue			75,000		
Bond Proceeds	425,000	800,000	1,565,000	870,000	1,250,000
TOTAL REVENUES	2,402,521	1,293,813	2,443,099	870,000	1,250,000
CAPITAL OUTLAY EXPENDITURES					
Other Professional Services			13,031		
Transfer to General Fund	491,715				
Bond Issuance Costs		26,533	40,555		40,000
Capital Improvements	2,080,097	647,343	1,007,733	870,000	1,210,000
TOTAL EXPENSES	2,571,812	673,876	1,061,319	870,000	1,250,000
FUND BALANCE - DECEMBER 31	98,197	718,134	2,099,914	2,099,914	2,099,914



Enterprise Funds

Utility Operations



Divisions

Director's Office
Capital
General Expense
Engineering
Customer Services
Operations
Water Treatment/Pumping
Natural Gas
Wastewater Treatment
Inflow & Infiltration

Public Works & Utilities - Utility Operations

Utility Operations is the utility funds' side of the Department of Public Works and Utilities and represents four municipally owned utilities budgeted as the Water Fund; Gas Fund; Sewer Fund; and Stormwater Fund. The Public Works operation is presented in the General Fund.

Mission and Core Services

To provide water, gas, sewer and stormwater services to customers at the lowest possible cost consistent with maintaining the department as a continuing, self sustaining operation.

Difference

Major Budget Issues

Rate increases have been approved in all four utilities to fund the utilities share of the annual required contribution for Other Post Employment Benefits (OPEB) in the form of retiree health insurance. The total dollar figure is set at \$2.34 million - \$669,600 in the Water Fund; \$920,500 in Gas; \$561,000 in Sewer; and \$189,600 for Stormwater. The ARC is allocated among the utilities based on the number of employees charged to each utility. Impacts on rates charged range from 1.8% in Gas to 7.5% in Water, with an average of 2.9% over the four utilities.

A total of seven FTE's will be reduced in 2007-three utility operators and four interdepartmental positions.

The Stormwater Utility will begin this year to fund the street cleaning program. Approximately \$200,000 in operating and capital equipment expenses will be transferred from the General Fund. It is anticipated that a future, full cost allocation of street sweeping to water quality objectives will add up to \$500,000 annually. Natural gas purchase expense is reflected in part in the revenue increase for other operating expenses in the Gas utility to implement the rate adjustments which will reduce the Purchased Gas Adjustment (PGA) to near zero.

Debt service for built infrastructure is in reasonable proportion to operating revenues. Significant additional bonded indebtedness is planned for the Water and the Sewer utilities beginning in 2007. Water debt service decreases substantially after 2009. The capital intensive sewer system overflow storage structures mandated by USEPA in the next five years will require Sewer rate increases in future years.

2006

Budgeted FTE's	188.6	192.6	190.6	183.6	(7.0)
	2004	2005	2006		
To the second like the second	2004				
Expenditures	Actual	Actual	Budget	2007 Budget	Difference
Salaries and Benefits	13,616,809	14,045,700	15,521,500	18,200,300	2,678,800
Supplies	34,057,867	42,685,087	41,219,300	43,317,300	2,098,000
Other Services & Charges	17,489,260	16,654,547	16,664,300	17,762,400	1,098,100
Utilities	1,159,201	1,113,873	1,192,400	1,192,200	(200)
Depreciation/Amortization	2,813,073	2,930,746	3,012,700	3,417,300	404,600
Improvements -Non-Capital	423,515	347,761	1,014,500	821,400	(193,100)
Debt Service - Interest	1,312,351	1,435,596	1,482,200	1,702,400	220,200
Debt Service - Other	60,393	67,603	43,500	72,800	29,300
Total Operating	70,932,469	79,280,913	80,150,400	86,486,100	6,335,700
Non-Operating	7,075,441	11,626,340	9,137,600	9,830,400	692,800
Total Appropriation Budget	79 007 010	00 007 252	90 299 000	06 216 500	1 559 000
Total Appropriation Budget	78,007,910	90,907,253	89,288,000	96,316,500	1,558,900

Utility Operations Personnel Summary

	Budgeted FTE's	2004 BUDGET	2005 BUDGET	2006 BUDGET	2007 BUDGET
	Director of Public Works & Utilities	0.8	0.8	0.8	0.8
1140	City Engineer	0.6	0.6	0.6	0.6
1130	Operations Manager of Water & Gas Supply	1.0	1.0	1.0	1.0
1130	Chief Engineer - Utilities	1.0	1.0	1.0	1.0
1130	Manager, Utility Operations	1.0	1.0	1.0	1.0
1130	Manager, Customer Service	1.0	1.0	1.0	1.0
1105	Measurement Srvs Spvs/Meter Reader	1.0	1.0	1.0	1.0
1085	Utility Operations Supervisor	3.0	3.0	3.0	3.0
1075	Chief Gas Controller	1.0	1.0	1.0	1.0
1055	Customer Relations Supervisor	1.0	1.0	1.0	1.0
132	Utility Accounts Receivable Spec.	0.0	0.0	0.0	2.0
137	Water & Gas Training & Safety Coordinator	8.0	0.8	8.0	0.0
131	Paralegal	1.0	1.0	1.0	1.0
131	Support Analyst	0.0	1.0	1.0	0.0
129	Administrative Information Specialist	3.8	5.2	5.2	3.2
126	Finance Technician	4.0	3.0	3.0	1.0
126	Information Technician	10.4	10.0	10.0	13.6
125	Senior Clerical Specialist	0.6	0.6	0.6	0.0
121	Clerical Support Technician	1.0	1.0	1.0	1.0
121	Janitor I	0.0	1.0	1.0	0.0
36	Project Engineer	3.0	3.0	3.0	3.0
34	Chief Water Plant Operator	1.0	1.0	1.0	1.0
32	Corrosion Technician	1.0	1.0	1.0	1.0
32	Sr. Gas Control Operator	1.0	1.0	1.0	1.0
32	Gas & Energy Coordinator	1.0	1.0	1.0	1.0
32	Project Coordinator	3.2	3.2	3.2	3.2
32	Utility Service Leadworker	2.0	2.0	2.0	2.0
31	Chemist	2.0	1.0	1.0	1.0
31	Lab Technician	0.0	0.0	1.0	1.0
31	Senior Engineering Technician	9.4	9.4	13.4	13.4
30	Appl. Mech. Journeyperson	14.0	14.0	16.0	16.0
29	Gas Fitter	1.0	1.0	1.0	1.0
29	Meter Mechanic	1.0	1.0	1.0	1.0
29	Painter	2.0	2.0	2.0	2.0
29	Pipeline Welder	3.0	3.0	3.0	3.0
29	Regulator Mechanic	2.0	2.0	2.0	2.0
29	Water & Gas Equipment Operator	5.0	5.0	5.0	4.0
29	Water & Gas Warehouse Leadworker	1.0	0.0	0.0	0.0
29	Utility Operator	44.0	46.0	45.0	43.0
29	Utility Operations Leadworker	7.0	7.0	7.0	7.0
28	Engineering Technician	4.0	4.0	1.0	0.0
28	Gas Control Operator II	3.0	3.0	3.0	3.0
28	Utility Service Journeyperson	16.0	15.0	11.0	11.0
31	Water Plant Operator	7.0	7.0	6.0	6.0
28	Water Quality Specialist	6.0	8.0	8.0	7.0
28	Water & Gas Warehouse Assistant	2.0	2.0	2.0	2.0
26	Lift Station Operator	2.0	2.0	2.0	2.0
26	Utility Radio Dispatcher	4.0	4.0	4.0	4.8
26	Building Maintenanceperson	0.0	1.0	1.0	0.0
22	Meter Reader	8.0	8.0	8.0	8.0
	DEPARTMENT TOTAL	188.6	192.6	190.6	183.6

Water Fund



Water Fund 510

The Water Fund is a self supporting enterprise fund which accounts for the collection, treatment, and distribution of water to the citizens of Duluth. The major funding source for this fund is metered water sales, representing 99% of total revenues for 2007. Significant categories of expense include: personnel and benefits at 50% of the 2007 total; and the combined categories of Supplies, Utilities, and Other Services and Charges representing 30% of the 2007 proposed expenses.

Presented below is a tabular summary of the major categories of revenues and expenses by function over a five year period.

Estimated Income and	2003	2004	2005	2006	2007
Expense	Actual	Actual	Actual	Budget	Budget
REVENUE					
Operating	9,715,942	9,850,010	10,282,801	10,478,800	11,825,400
Non-Operating	570,298	240,790	103,937	162,000	106,900
	10,286,240	10,090,800	10,386,738	10,640,800	11,932,300
EXPENSES					
Personal Services	4,392,033	4,182,015	4,661,055	4,969,100	5,667,600
Supplies	619,287	657,255	684,774	922,800	969,200
Other Services & Charges	1,330,112	1,188,024	1,477,082	1,334,100	1,464,600
Utilities	956,764	1,012,453	960,929	977,100	973,400
Depreciation/Amortization	1,059,456	1,066,639	1,074,603	1,097,600	1,195,800
Improvements -Non-Capital	50,533	50,128	119,080	85,000	276,600
Debt Service - Interest	329,210	326,297	340,199	312,500	401,700
Debt Service - Other	34,673	25,891	27,523	27,300	27,300
Transfers	207,722	354,220	333,368	280,000	280,000
_	8,979,790	8,862,922	9,678,613	10,005,500	11,256,200
ESTIMATED OPERATING INCOME (LOSS)	1,306,450	1,227,878	708,125	635,300	676,100

Water Fund Estimated Unrestricted Cash Balance

OPERATING FUND	2006 Projected	2007 Approved
OF ENATING FOND	i iojecteu	Approved
ESTIMATED UNRESTRICTED CASH AND DEBT SERVICE CASH	2,563,015	1,527,973
<u>Additions</u>		
Estimated Operating Income (Loss)	413,550	676,100
Depreciation and Amortization	1,126,100	1,195,800
Special Assessment Principal	160,000	160,000
Others Share of Improvements - LSC	70,000	0
Loan Proceeds (Morgan Park)	416,536	0
Bond Amortization	27,300	27,300
Total Additions	2,213,486	2,059,200
<u>Deductions</u>		
Bond Principal Payments	1,155,120	1,257,200
Capital Improvements from current revenues	74,100	120,000
Infrastructure Replacement Projects	1,241,200	630,700
Capital Equipment Purchases	169,300	50,500
Encumbrances	608,808	0
Total Deductions	3,248,528	2,058,400
ESTIMATED BUDGETARY YEAR END CASH BALANCE	1,527,973	1,528,773

Water Fund 510

Revenue	Detail	2003	2004	2005	2006	2007
		Actual	Actual	Actual	Budget	Budget
OPERATIN	IG REVENUES:					
4624	Equipment Rent	4,194	8,387	8,387	8,400	8,400
4636	Sale of Scrap	2,393	3,529	2,532	0	0
4800	Meter Repair	8,976	6,758	8,049	7,000	7,000
4801	Off/On Charge	18,968	19,915	20,768	16,000	20,000
4802	Interest - Customer Accounts	17,949	19,012	22,851	20,000	20,000
4804	Damage Claims	8,476	3,715	0	0	0
4809	Miscellaneous Operating	111,986	109,730	104,837	100,000	100,000
4810	Metered Water Sales	8,800,948	8,933,524	9,298,795	9,550,100	10,775,500
4811	Water for Resale	742,052	745,440	816,582	777,300	894,500
TOTAL OP	ERATING REVENUES	9,715,942	9,850,010	10,282,801	10,478,800	11,825,400
NON-OPE	RATING REVENUES:					
4230	Pera Aid	16,919	16,919	32,743	16,900	16,900
4806	Connection Fees	0	50,125	27,417	50,000	30,000
4850	Earnings on Investments	34,664	28,245	19,252	35,000	18,000
4851	Interest Income - Bonds	75,005	70,946	56,321	60,100	42,000
4853	Gain on Sale of Assets	(330,751)	10,211	(52,112)	0	0
4854	Utility Assessment	774,461	64,344	20,316	0	0
TOTAL NO	N-OPERATING REVENUES	570,298	240,790	103,937	162,000	106,900
TOTAL RE	VENUE	10,286,240	10,090,800	10,386,738	10,640,800	11,932,300

Director's Office

510-500-1900

The Director's Office provides leadership and management for the Public Works and Utilities Department.

Expense Detail		2003	2004	2005	2006	2007
		Actual	Actual	Actual	Budget	Budget
PERS	ONAL SERVICES					
5100	Permanent Employees - Regular	30,420	32,054	37,314	34,300	35,000
5101	Permanent Employees - Overtime	64	18	105	0	0
	TOTAL	30,484	32,072	37,419	34,300	35,000
EMPL	OYEE BENEFITS					
5121	P.E.R.A.	1,696	1,724	1,857	2,100	2,200
5122	F.I.C.A. Social Security	1,734	2,209	1,627	2,100	2,200
5123	F.I.C.A. Medicare	424	21	951	500	500
5124	Health Insurance	2,277	2,560	3,212	3,400	3,700
5125	Dental Insurance	124	139	162	200	100
5126	Life Insurance	84	84	84	100	100
	TOTAL	6,339	6,737	7,893	8,400	8,800
OPER	ATING EXPENSES					
5200	Office Supplies	23	56	63	100	100
5205	Safety & Training Materials	0	0	192	2,100	0
5321	Telephone	0	0	0	100	100
5331	Training Expense	295	150	515	1,100	500
5,335	Mileage Reimbursement - Local	0	0		100	
5,433	Dues and Subscriptions	0	0	184	0	0
5,441	Other Services and Charges	0	0	130	300	0
	TOTAL	318	206	1,084	3,800	700
1900	TOTAL - DIRECTOR'S OFFICE	37,141	39,015	46,396	46,500	44,500

Capital 510-500-1905

Capital expenditures support the infrastructure required to provide a safe and adequate supply of water to Duluth residents and neighboring communities. This includes costs for depreciation and debt service.

Expense Detail		2003	2004	2005	2006	2007
		Actual	Actual	Actual	Budget	Budget
NON-0	OPERATING EXPENSES					
5420	Depreciation	1,048,023	1,055,206	1,063,447	1,097,600	1,195,800
5421	Amortization	11,433	0	9,524	0	0
5441	Other Services and Charges	2,534	12,003	9,430	0	0
5532	Capital Improvements - Bonds	0	11,433	0	0	3,000,000
5533	Capital Improvements -					
	Revenue Financing	2,086,784	1,291,151	323,341	87,500	120,000
5535	Improvements (Non-Capital)	50,533	50,128	119,280	85,000	276,600
5536	Utility Infrastructure Replac. Proj.	0	1,541,591	1,594,807	2,728,800	630,700
5540	Equipment (Non-Capital)	58,127	72,460	22,739	9,500	0
5580	Capital Equipment	250,433	190,752	283,913	170,500	50,500
5611	Bond Interest	329,210	326,297	314,309	312,500	401,700
5613	Interest from Bond Amortization	0	0	25,891	25,900	25,900
5620	Fiscal Agents Fee	1,081	1,306	1,240	1,100	1,100
5622	Bond Amortization	25,343	25,891	1,632	1,400	1,400
5741	To Permanent Improvement	(5,715)	0	0	0	0
1905	TOTAL - CAPITAL	3,857,786	4,578,218	3,769,553	4,519,800	5,703,700

Utility General Expense

510-500-1915

This represents normal and routine department operating expenses that can be allocated to each utility fund. Examples include costs for safety and training, insurance, office supplies and utilities.

Expe	nse Detail	2003	2004	2005	2006	2007
		Actual	Actual	Actual	Budget	Budget
PERS	ONAL SERVICES					
5100	Permanent Employees - Regular	27,770	25,395	26,005	32,300	0
5101	Permanent Employees - Overtime	501	287	0	0	0
	TOTAL	28,271	25,682	26,005	32,300	0
EMPL	OYEE BENEFITS					
5121	P.E.R.A.	1,529	1,414	1,448	1,900	0
5122	F.I.C.A. Social Security	1,741	1,927	1,601	2,000	0
5123	F.I.C.A. Medicare	407	12	383	500	0
5124	Health Insurance	3,792	3,153	3,738	5,200	0
5125	Dental Insurance	192	194	240	300	0
5126	Life Insurance	1,345	2,009	4,459	200	0
5134	Other Post Retirement Benefits	0	0	0	0	669,600
5135	Retiree Health Insurance	358,293	419,930	442,617	455,000	530,900
5151	Worker's Compensation	47,666	58,500	85,136	115,000	146,200
	TOTAL	414,965	487,139	539,622	580,100	1,346,700
OPER	ATING EXPENSES					
5200	Office Supplies	586	482	387	7,100	5,900
5205	Safety & Training	1,879	1,873	0	900	2,700
5211	Cleaning & Janitorial Supplies	1,729	3,011	2,650	2,200	2,200
5241	Small Equipment	2,457	2,027	1,030	200	600
5301	Auditing Services	2,548	2,727	1,678	2,600	2,600
5305	Medical Services/Testing Fees	257	100	220	300	300
5310	Contract Services	9,723	7,225	4,030	5,000	5,000
5321	Telephone	10,395	11,493	10,963	9,000	9,000
5331	Training Expense	882	0	315	0,000	700
5360	Insurance	117,614	90,800	148,643	160,000	275,200
5381	Electricity	26,655	26,460	19,619	9,200	10,100
5382	Water & Gas	45,979	24,841	25,008	14,200	14,300
5384	Refuse Disposal	2,476	1,908	1,141	2,100	2,200
5401	Building Repair & Maintenance	4,177	5,574	10,214	5,200	7,000
5404	Equipment Maintenance/Repair	105	849	164	3,300	3,300
5418	Vehicle/Equipment Lease	0	789	401	2,000	2,000
5433	Dues & Subscriptions	120	3,900	3,730	4,100	_,550
5438	Licenses	497	286	133	300	300
5441	Other Services & Charges	28,864	20,534	4,258	1,400	700
5450	Laundry	1,260	0	0	500	1,200
5457	Hydrant Maintenance	31,000	31,000	30,000	31,000	31,000
5493	Cost Allocation	509,700	537,700	537,700	509,700	509,700
	TOTAL	798,903	773,579	802,284	770,300	886,000
40.15	TOTAL LITHETY OF YER AL					
1915	TOTAL - UTILITY GENERAL	1 040 400	1 000 100	1 007 01 '	1 000 700	0.000.700
	EXPENSE	1,242,139	1,286,400	1,367,911	1,382,700	2,232,700

Engineering 510-500-1930

Provides engineering services including design, inspection and construction locates for the water distribution system.

Expense Detail		2003	2004	2005	2006	2007
		Actual	Actual	Actual	Budget	Budget
PERS	ONAL SERVICES					
5100	Permanent Employees - Regular	307,840	307,657	359,695	380,100	388,600
5101	Permanent Employees - Overtime	27,646	20,316	20,728	29,600	29,600
5103	Temporary Employees - Regular _	403	0	393	2,000	2,000
	TOTAL	335,889	327,973	380,816	411,700	420,200
EMPL	OYEE BENEFITS					
5121	P.E.R.A.	18,338	18,087	20,859	24,600	26,100
5122	F.I.C.A. Social Security	20,166	24,310	22,987	25,400	25,900
5123	F.I.C.A. Medicare	4,717	86	5,483	6,000	6,100
5124	Health Insurance	31,470	34,043	41,668	49,100	54,200
5125	Dental Insurance	1,712	1,919	2,344	2,800	2,100
5126	Life Insurance	1,159	1,154	1,222	1,300	1,400
	TOTAL	77,562	79,599	94,563	109,200	115,800
OPER	ATING EXPENSES					
5200	Office Supplies	1,524	1,338	1,193	1,500	1,500
5201	Computer Supplies	4,899	1,595	2,289	2,600	2,600
5.203	Paper, Stationery and Forms	711	93	127	200	200
5,205	Safety & Training Materials	12	43	196	100	100
5212	Motor Fuel	2,650	2,818	3,652	2,500	3,500
5219	Other Miscellaneous Supplies	1,468	2,806	1,986	2,400	2,400
5240	Small Tools	0	0	181	500	500
5241	Small Equipment	1,090	11,170	8,678	7,200	3,800
5303	Engineering Services	1,384	6,105	3,076	3,800	0
5321	Telephone	1,835	1,566	1,779	1,300	1,300
5,322	Postage	0	10	11	100	100
5334	Training Expenses	180	2,269	1,217	4,000	4,000
5,335	Mileage Reimbursement	770	520	633	200	200
5,355	Printing and Copying	0	135	0	100	100
5,404	Equipment Maintenance Repair	863	935	439	900	900
5,409	Fleet Services	4,504	2,454	2,587	5,000	5,000
5,418	Vehicle/Equipment Lease	0	1,135	0	1,100	1,100
5,433		103	576	250	400	400
5,435	Books and Pamphlets	134	44	75	100	100
5,438	Licenses	23	144	0	0	0
5441	Other Services and Charges	17,324	2,261	3,336	6,300	6,300
5486	One Call System	3,017	2,189	2,795	2,500	2,500
	TOTAL	42,491	40,206	34,500	42,800	36,600
1930	TOTAL - ENGINEERING	455,942	447,778	509,879	563,700	572,600

Customer Services

510-500-1940

Customer Accounts provides meter reading, billing, payment collection and account services for utility customers. Service provides installation, inspection, repair and replacement of meters and checks the integrity of customer utility connections.

Expe	nse Detail	2003	2004	2005	2006	2007
		Actual	Actual	Actual	Budget	Budget
PERS	ONAL SERVICES					
5100	Permanent Employees - Regular	659,018	696,959	814,523	782,400	798,000
5101	Permanent Employees - Overtime	43,314	39,812	59,890	26,400	33,000
5103	Temporary Employees - Regular _	284	0	1,623	0	0
	TOTAL	702,616	736,771	876,036	808,800	831,000
EMPL	OYEE BENEFITS					
5121	P.E.R.A.	38,252	40,261	47,577	48,500	51,500
5122	F.I.C.A. Social Security	42,069	54,148	52,373	50,100	51,200
5123	F.I.C.A. Medicare	9,839	359	12,477	11,800	11,900
5124	Health Insurance	88,584	94,281	119,865	129,100	136,500
5125	Dental Insurance	4,551	5,122	6,621	7,100	5,200
5126	Life Insurance	3,196	3,238	3,513	3,400	3,500
	TOTAL	186,491	197,409	242,426	250,000	259,800
OPER	ATING EXPENSES					
5200	Office Supplies	3,184	5,111	4,320	4,100	4,100
5201	Computer Supplies	535	1,244	1,764	1,200	1,400
5203	Paper/Stationery	9,866	8,281	6,813	9,700	9,100
5212	Motor Fuel	16,025	19,706	24,276	15,300	20,300
5218	Uniforms	5,738	4,763	4,202	2,700	3,100
5219	Other Miscellaneous Supplies	165	244	437	0	0
5220	Repair & Maintenance Supplies	4,647	31,091	24,693	35,000	30,000
5227	Utility System	105,804	44,506	64,808	111,000	109,400
5228	Painting Supplies	3,216	2,639	2,722	3,000	3,000
5240	Small Tools	1,637	1,105	400	1,500	1,500
5241	Small Equipment	2,992	5,449	3,195	5,500	5,500
5321	Telephone	1,813	2,003	2,699	4,900	4,900
5322	Postage	41,910	53,074	45,592	52,800	52,800
5334	Training Expenses	0	0	148	1,900	1,900
5335	Mileage Reimbursement	2,086	2,201	2,727	2,600	2,800
5339	Armored Pickup	1,081	1,038	1,349	1,000	1,000
5355	Printing & Copying	846	1,026	326	600	500
5401	Building Repair & Maintenance	388	0	450	0	0
5404	Equipment Maintenance & Repair	6,544	4,891	7,065	7,000	7,200
5409	Fleet Services	21,401	27,849	29,579	28,400	25,600
5415	Vehicle/Equipment Rental	834	0	0	5,200	5,200
5418	Vehicle/Equipment Lease	0	4,048	6,186	0	0
5427	Credit Card Commission	2,348	5,013	8,528	11,800	12,400
5,431	Cash Short	0	0	1,079	0	0
5432	Uncollectible Accounts	7,631	6,995	50,566	8,000	11,700
5441	Other Services & Charges	2,221	4,069	827	2,100	2,100
5451	Pay Station	1,371	1,290	1,339	1,200	1,900
5822	Worker's Comp Rehab & Training _	0	0	268	6,400	3,200
	TOTAL	244,283	237,636	296,358	322,900	320,600
1940	TOTAL - CUSTOMER SERVICE	1,133,390	1,171,816	1,414,820	1,381,700	1,411,400

Utility Operations

510-500-1945

Operates, maintains and improves the pipeline distribution system to provide a dependable supply of water to Duluth and surrounding areas.

Expense Detail		2003	2004	2005	2006	2007
		Actual	Actual	Actual	Budget	Budget
	ONAL SERVICES					
5100	Permanent Employees - Regular	1,350,986	1,191,618	1,231,207	1,329,700	1,268,600
5101	Permanent Employees - Overtime	197,883	223,429	237,392	210,000	210,000
5103	Temporary Employees - Regular	5,083	0	192	9,100	13,700
	TOTAL	1,553,952	1,415,047	1,468,791	1,548,800	1,492,300
EMPL	OYEE BENEFITS					
5121	P.E.R.A.	85,232	78,255	80,885	92,400	92,400
5122	F.I.C.A. Social Security	92,551	104,838	87,876	95,500	91,700
5123	F.I.C.A. Medicare	21,644	473	21,006	22,300	21,400
5124	Health Insurance	147,170	146,942	174,590	207,600	203,500
5125	Dental Insurance	7,921	8,404	9,158	10,900	7,600
5126	Life Insurance	5,425	5,128	4,881	5,300	5,000
	TOTAL	359,943	344,040	378,396	434,000	421,600
OPER	ATING EXPENSES					
5200	Office Supplies	2,298	3,258	2,701	2,000	2,000
5,215	Shop Materials	0	1,792	2,354	4,300	3,000
5,333	Freight/Delivery Charges	0	0	0	0	400
5,335	Mileage Reimbursement	10	439	4,379	5,800	6,100
5,355	Printing and Copying	0	0	85	700	700
5,382	Water/Sewer/Gas	2,681	4,190	7,364	8,000	10,000
5,384	Refuse Disposal	95	0	2,435	7,600	7,600
5205	Safety & Training Materials	3,119	1,716	1,283	3,600	3,000
5210	Plant/Operating Supplies	88	1,449	1,925	7,100	9,600
5212	Motor Fuel	23,766	26,290	34,416	35,000	38,000
5218	Uniforms	5,303	3,984	2,899	6,100	6,000
5220	Repair & Maintenance Supplies	4,983	4,718	4,193	3,000	3,000
5222	Paving Materials	21,777	15,597	35,596	20,000	25,000
5223	Salt and Sand	62,841	43,342	28,836	35,000	40,000
5227	Utility Maintenance Supply	62,163	210,479	125,414	125,200	125,500
5240	Small Tools	734	3,828	1,242	8,100	5,100
5241	Small Equipment	8,334	9,995	9,039	10,400	8,200
5310	Contract Services	47,966	9,882	15,611	21,400	22,500
5321	Telephone	2,488	2,301	2,458	2,500	2,000
5331	Training Expenses	3,393	1,272	2,844	10,400	10,400
5404	Equipment Maintenance/Repair	133	329	138	2,000	1,000
5409	Fleet Service Charges	93,116	111,767	109,731	110,000	110,000
5415	Vehicle/Equipment Rental	1,914	1,102	1,128	7,500	5,300
5438	License	215	126	72	500	500
5441	Other Services & Charges	6,776	8,054	2,761	7,000	9,000
5450	Laundry	5,323	5,312	5,502	4,500	4,500
5700	Transfer to Special Assessment	207,722	297,040	241,596	280,000	280,000
	TOTAL	567,238	768,262	646,002	727,700	738,400
1945	TOTAL - UTILITY OPERATIONS	2,481,133	2,527,349	2,493,189	2,710,500	2,652,300

Water Treatment and Pumping

510-500-1955

Treatment is required to produce a safe and potable water supply that meets Federal and State standards. This includes bacterial, biochemical and physical testing. The operation and maintenance of pump stations throughout the city is necessary to lift water to elevations that provide adequate pressure for customer use.

Expe	nse Detail	2003	2004	2005	2006	2007
•		Actual	Actual	Actual	Budget	Budget
						9
PERS	ONAL SERVICES					
5100	Permanent Employees - Regular	621,230	521,224	482,806	568,100	552,400
5101	Permanent Employees - Overtime	17,115	21,911	36,562	18,000	18,000
	TOTAL	638,345	543,135	519,368	586,100	570,400
EMPL	OYEE BENEFITS					
5121	P.E.R.A.	37,211	29,510	28,178	35,200	35,700
5122	F.I.C.A. Social Security	37,084	39,512	31,751	36,300	35,400
5123	F.I.C.A. Medicare	8,673	0	7,591	8,500	8,300
5124	Health Insurance	57,909	54,067	52,517	78,900	81,300
5125	Dental Insurance	3,339	3,146	3,217	4,400	3,200
5126	Life Insurance	2,261	3,825	1,684	2,100	2,100
	TOTAL	146,477	130,060	124,938	165,400	166,000
OPER	ATING EXPENSES					
5200	Office Supplies	803	389	1,135	1,000	1,500
5212	Motor Fuel	1,909	1,179	1,343	2,500	2,500
5216	Treatment Chemicals	193,214	160,354	228,643	324,800	370,200
5218	Uniforms	1,919	1,263	1,034	1,900	2,000
5219	Other Miscellaneous Supplies	1,736	7,188	3,647	12,000	12,000
5220	Repair & Maintenance Supplies	23,787	12,540	34,295	75,700	79,000
5240	Small Tools	960	452	1,058	1,000	1,500
5241	Small Equipment	5,089	1,354	3,469	16,000	18,600
5310	Contract Services	0	2,405	461	20,000	35,000
5319	Other Professional Services	0	11,698	5,655	10,000	5,000
5321	Telephone	1,477	851	738	1,000	1,100
5,334	Training Expenses	4,420	3,140	1,537	7,000	7,400
5,355	Printing and Copying	1,502	1,700	1,271	2,500	2,500
5381	Electricity	808,677	832,828	813,230	835,000	835,000
5382	Water & Sewer	8,943	8,899	10,267	10,000	94,200
5385	Oil	8,939	11,549	17,608	13,000	0
5390	Liquid Propane Gas (Heating)	54,483	103,538	67,832	78,000	0
5400	Misc. Repair & Maintenance	29,987	3,678	4,013	3,000	3,000
5401	Building Repair & Maintenance	95,152	32,367	394,251	41,500	13,500
5404	Equipment Maintenance/Repair	30,141	15,405	70,828	65,600	72,000
5409	Fleet Services	4,238	2,537	2,894	3,000	3,000
5441	Other Services & Charges	46,132	104,585	1,759	108,900	66,300
5450	Laundry	2,146	2,679	2,873	2,500	3,500
5483	Water Testing Fees	0	0	0	0	75,000
	TOTAL	1,325,654	1,322,578	1,669,841	1,635,900	1,703,800
1955	TOTAL-WATER TRMT & PMPING	2,110,476	1,995,773	2,314,147	2,387,400	2,440,200

Gas Fund



Gas Fund 520

The Gas Fund is a self supporting enterprise fund which accounts for the distribution of an adequate, reliable, and safe supply of gas to the citizens of Duluth. Other services provided are the inspection, maintenance and servicing of customer gas utilization equipment.

The major funding source for this fund is metered gas sales which represents 99% of total revenues for 2007. The major category of expense is purchased gas, representing 72% of all expenses proposed.

Presented below is a tabular summary of the major categories of revenues and expenses by function over a five year period.

Estimated Income and	2003	2004	2005	2006	2007
Expense	Actual	Actual	Actual	Budget	Budget
REVENUE					
Operating Revenues	789,838	743,898	779,090	672,600	747,100
Gas Sales	41,320,908	44,244,616	54,456,252	52,646,800	56,710,400
Non-Operating Revenues	(245,942)	80,605	11,498	73,600	70,400
	41,864,804	45,069,119	55,246,840	53,393,000	57,527,900
EXPENSES					
Personal Services	5,374,753	5,564,281	5,408,088	6,063,900	7,320,900
Supplies	665,968	628,539	496,733	768,800	710,500
Other Services & Charges	4,453,045	4,710,121	4,857,747	5,423,200	5,487,100
Natural Gas Purchases	29,530,370	32,396,692	41,122,097	39,062,100	41,175,500
Utilities	62,211	59,663	56,195	43,200	48,700
Depreciation/Amortization	864,153	908,136	956,700	984,800	1,057,900
Improvements -Non-Capita	92,072	105,255	110,275	127,000	241,600
Debt Service - Interest	357,536	572,282	548,648	519,400	532,900
Debt Service - Other	9,551	13,964	13,964	14,000	14,700
Transfers	31,463	17,624	13,805	15,000	15,000
_	41,441,122	44,976,557	53,584,252	53,021,400	56,604,800
ESTIMATED OPERATING					
INCOME (LOSS)	423,682	92,562	1,662,588	371,600	923,100

Gas Fund Estimated Unrestricted Cash Balance

OPERATING FUND	2006 Projected	2007 Approved
ESTIMATED UNRESTRICTED CASH AND DEBT SERVICE CASH	2,225,978	3,561,178
Additions		
Estimated Operating Income (Loss)	1,679,190	923,100
Depreciation and Amortization	1,000,600	1,057,900
Bond Amortization	14,000	14,700
Energy Fund Loan Repayment	150,000	150,000
Special Assessment Principal	15,000	15,000
Total Additions	2,858,790	2,160,700
<u>Deductions</u>		
Bond Principal Payments	825,000	844,000
Encumbrances	122,400	0
Capital Equipment Purchases	335,700	228,000
Capital Improvements from Current Revenues	240,490	340,000
Total Deductions	1,523,590	1,412,000
ESTIMATED BUDGETARY YEAR END CASH BALANCE	3,561,178	4,309,878

Gas Fund 520

Revenue	Detail	2003	2004	2005	2006	2007
		Actual	Actual	Actual	Budget	Budget
ODEDATIA	IG REVENUES:					
_		0.001	10.500	10.500	10.000	10.000
4624	Equipment Rent	6,291	12,582	12,582	12,600	12,600
4,636	Sale of Scrap	2,786	1,272	0	0	0
4801	Off/On Charge	17,918	18,760	19,503	20,000	19,500
4802	Interest Earned on Customer Accts	103,309	110,045	146,948	100,000	135,000
4809	Miscellaneous Operating Revenue	86,722	83,747	30,174	50,000	30,000
4818	Servicing Appliances	352,300	314,335	257,337	250,000	250,000
4819	Comfort Policy	220,211	203,157	312,546	240,000	300,000
4820	Residential Firm	24,506,265	25,805,289	31,467,756	30,785,300	34,274,400
4821	Comm/Industrial Firm Small	9,488,812	10,109,458	12,341,818	11,718,700	13,489,700
4822	Comm/Industrial Firm Large	386,324	499,969	907,001	596,400	693,000
4823	Comm/Industrial Interruptible Smal	3,976,765	4,432,078	4,954,083	5,319,800	3,583,500
4824	Comm/Industrial Interruptible Large	2,962,742	3,385,040	4,771,276	4,214,600	4,636,200
4826	Large Transport	0	0	0	0	21,600
4829	Two Tier Rate	301	12,782	14,318	12,000	12,000
TOTAL OP	ERATING REVENUES	42,110,746	44,988,514	55,235,342	53,319,400	57,457,500
NON-OPE	RATING REVENUES:					
4230	Pera Aid	23,365	23,365	11,682	23,400	23,400
4850	Earnings on Investments	35,955	41,560	38,292	40,000	40,000
4851	Interest Income - Bonds	10,993	11,046	8,283	10,200	7,000
4853	Gain on Sale of Assets	-371,821	591	-48,055	0	0
4854	Utility Special Assessments	55,566	4,043	1,296	0	0
TOTAL NO	N-OPERATING REVENUES	-245,942	80,605	11,498	73,600	70,400
TOTAL RE	VENUE	41,864,804	45,069,119	55,246,840	53,393,000	57,527,900

Director's Office

520-500-1900

The Director's Office provides leadership and management for the Public Works and Utilities Department.

Expe	nse Detail	2003	2004	2005	2006	2007
		Actual	Actual	Actual	Budget	Budget
	01141 0FP1//0F0					
	ONAL SERVICES					
5100	Permanent Employees - Regular	30,420	32,054	36,496	34,300	35,000
5101	Permanent Employees - Overtime	64	18	105	0	0
	TOTAL	30,484	32,072	36,601	34,300	35,000
EMPL	OYEE BENEFITS					
5121	P.E.R.A.	1,696	1,724	1,850	2,100	2,200
5122	F.I.C.A. Social Security	1,734	2,209	2,036	2,100	2,200
5123	F.I.C.A. Medicare	424	21	533	500	500
5124	Health Insurance	2,277	2,560	3,197	3,400	3,700
5125	Dental Insurance	124	139	162	200	100
5126	Life Insurance	84	84	84	100	100
	TOTAL	6,339	6,737	7,862	8,400	8,800
OPEF	ATING EXPENSES					
5200	Office Supplies	21	0	127	100	100
5205	Safety and Training Materials	0	0	385	3,400	0
5241	Small Equipment	0	0	0	0	0
5305	Medical Services/Testing Fees	0	0	0	0	0
5321	Telephone	452	518	522	100	100
5334	Training/Travel	0	1,789	1,587	8,500	500
5335	Mileage Reimbursement Local	0	0	0	100	0
5401	Building/Structure Repair Mtce	0	0	0	0	0
5433	Dues/Subsriptions	0	0	17,709	16,000	0
5438	Licenses	0	0	990	400	0
5452	Pipeline Safety	0	0	12,089	12,000	0
	TOTAL	473	2,307	33,409	40,600	700
1900	TOTAL - DIRECTOR'S OFFICE	37,296	41,116	77,872	83,300	44,500

Capital 520-500-1905

Capital expenditures support the infrastructure required to provide an adequate supply of natural gas to Duluth residents. This includes costs for depreciation and debt service.

Expe	nse Detail	2003	2004	2005	2006	2007
		Actual	Actual	Actual	Budget	Budget
NON-	OPERATING EXPENSES					
5420	Depreciation	864,153	908,136	956,700	984,800	1,057,900
5441	Other Services and Charges	0	2,609	3,785	0	0
5532	Capital Improvements - Bonds	0	137,418	34,594	1,000,000	0
5533	Capital Improvements -					
	Revenue Financing	390,790	227,514	734,714	191,000	340,000
5535	Improvements (Non-Capital)	92,072	105,255	110,275	127,000	241,600
5,540	Equipment (Non-Capital)	66,735	90,053	34,771	27,900	0
5580	Capital Equipment	224,196	244,935	247,280	316,600	228,000
5611	Bond Interest	367,087	558,318	534,684	519,400	532,900
5,613	Interest - Bond Amortization	9,551	13,964	13,964	14,000	14,000
5620	Fiscal Agents Fee	416	626	1,065	800	800
5,622	Bond Amortization	0	0	0	0	700
1905	TOTAL - CAPITAL	2,015,000	2,288,828	2,671,832	3,181,500	2,415,900

Utility General Expense

520-500-1915

This represents normal and routine department operating expenses that can be allocated to each utility fund. Examples include costs for safety and training, insurance, office supplies and utilities.

Expe	nse Detail	2003	2004	2005	2006	2007
		Actual	Actual	Actual	Budget	Budget
DEDC	ONIAL CEDVICES					
5100	ONAL SERVICES Permanent Employees - Regular	31,432	28,515	66,801	55,700	0
5100	Permanent Employees - Overtime	501	287	00,001	0	0
3101	TOTAL	31,933	28,802	66,801	55,700	0
EMDL	OYEE BENEFITS	31,000	_0,00_	00,00.	33,.33	· ·
5121	P.E.R.A.	1,725	1,588	3,505	3,300	0
5122	F.I.C.A. Social Security	1,723	2,160	4,113	3,500	0
5123	F.I.C.A. Medicare	460	13	971	800	0
5124	Health Insurance	4,452	3,664	7,297	9,900	0
5125	Dental Insurance	224	225	469	500	0
5126	Life Insurance	1,366	2,027	5,489	300	0
5134	Post Retirement Benefits	0	0	0,100	0	920,500
5135	Retiree Health Insurance	440,406	514,186	538,363	550,000	646,500
5151	Worker's Compensation	69,000	60,500	119,772	135,000	182,400
0.0.	TOTAL	519,601	584,363	679,979	703,300	1,749,400
0050			,	2,2,2,2		,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
•	ATING EXPENSES	0.005	F00	4.044	0.000	7,000
5200	Office Supplies	2,285	560	1,641	9,600	7,900
5205	Safety & Training	1,761	1,874	600	600	3,100
5211	Cleaning & Janitorial Supplies	2,113	3,037	2,611	2,300	2,300
5241	Small Equipment	2,866	3,642	922	200	600
5301	Auditing Services	1,989	3,254	2,255	3,500	3,500
5305	Medical Services/Testing Fees	354	2,145	2,128	2,200	2,200
5,319	Other Professional Services	0	0	3,998	43,000	15,000
5321	Telephone	25,874	25,546	19,319	5,500	5,500
5331	Training Expense	6,584	9,597	313 0	0 0	7,100
5335 5360	Mileage Reimbursement Insurance	4,770	5,039		_	62.400
5381	Electricity	140,000	140,000	66,418	82,000	62,400
5382	Water & Gas	31,223 30,095	27,179 31,308	23,569 30,341	11,600 17,600	12,800 17,700
5384	Refuse Disposal	1,934	2,103	1,387	1,600	1,800
5401	Building Repair & Maintenance	4,587	2,790	10,438	3,800	6,100
5404	Equipment Maintenance/Repair	650	885	164	3,600	3,600
5418	Vehicle/Equipment Rental	0	923	1,007	2,600	2,600
5441	Other Services & Charges	27,854	30,669	10,297	3,300	20,300
5452	Pipe Line Safety	14,323	8,533	0	0,000	12,000
5480	Payment in Lieu of Taxes	2,657,913	2,957,184	3,150,247	3,666,000	3,852,400
5493	Cost Allocation	661,104	697,504	697,500	661,100	661,100
5720	Transfer to Special Revenue	14,500	097,304	097,300	001,100	001,100
5, 20	TOTAL	3,632,779	3,953,772	4,025,155	4,520,100	4,700,000
1915	TOTAL - UTILITY GENERAL	•	•	•	•	•
כופו	EXPENSE	4,184,313	4,566,937	4,771,935	5,279,100	6,449,400
	LAI LINOL	7,107,010	+ ,500,551	T, 1 1 1,500	5,213,100	0,++3,400

Engineering 520-500-1930

Provides engineering services including design, inspection and construction locates for the gas distribution system.

Expe	nse Detail	2003	2004	2005	2006	2007
		Actual	Actual	Actual	Budget	Budget
	ONAL SERVICES					
5100	Permanent Employees - Regular	364,357	365,468	321,080	383,200	391,600
5101	Permanent Employees - Overtime	34,511	25,015	22,307	36,600	36,600
5103	Temporary Employees - Regular	403	0	393	900	2,000
	TOTAL	399,271	390,483	343,780	420,700	430,200
EMPL	OYEE BENEFITS					
5121	P.E.R.A.	21,917	21,562	18,932	23,000	26,800
5122	F.I.C.A. Social Security	23,712	28,732	20,477	23,800	26,600
5123	F.I.C.A. Medicare	6,019	0	4,914	5,600	6,200
5124	Health Insurance	36,982	40,310	39,923	50,200	55,500
5125	Dental Insurance	2,016	2,268	2,121	2,800	2,100
5126	Life Insurance	1,364	1,365	1,106	1,300	1,400
	TOTAL	92,010	94,237	87,473	106,700	118,600
OPER	ATING EXPENSES					
5200	Office Supplies	1,636	1,533	1,496	1,500	1,500
5201	Computer Supplies	10,729	6,995	7,689	8,000	8,000
5203	Paper, Stationery and Forms	79	201	127	400	400
5205	Safety &Training Materials	63	43	196	100	100
5212	Motor Fuel	3,975	4,227	5,478	3,500	3,500
5219	Other Miscellaneous Supplies	3,185	4,202	4,537	4,300	4,300
5240	Small Tools	0	0	181	500	500
5241	Small Equipment	962	17,556	11,042	13,300	3,900
5303	Engineering Services	0	0	3,830	5,800	2,000
5321	Telephone	2,002	1,688	1,520	1,300	1,300
5322	Postage	0	59	11	100	100
5331	Training Expenses	280	1,038	913	7,200	7,200
5335	Mileage Reimbursement	53	474	125	200	200
5355	Printing and Copying	0	223	0	100	100
5404	Equipment Maintenance Repair	948	578	513	1,000	1,000
5409	Fleet Services	6,756	3,188	3,203	5,000	5,000
5418	Vehicle/Equipment Lease	0	1,201	0	1,100	1,100
5433	Dues and Subscriptions	88	481	180	400	400
5435	Books and Pamphlets	134	137	75	100	100
5438	Licenses	40	404	0	4,000	4,000
5441	Other Services and Charges	533	926	1,141	1,900	1,900
5486	One Call system	3,017	2,415	2,797	2,500	2,500
	TOTAL	34,480	47,569	45,054	62,300	49,100
1930	TOTAL - ENGINEERING	525,761	532,289	476,307	589,700	597,900

Customer Services

520-500-1940

Customer Accounts provides meter reading, billing, payment collection and account services for utility customers. Service provides installation, inspection, repair and replacement of meters and checks the integrity of customer utility connections. Servicing Appliances provides hookup, inspection, cleaning and repair of gas appliances as well as an annual home service contract for natural gas furnaces. Sales Promotion markets the use of natural gas through activities such as advertising, customer promotions, exhibits, lectures and support for community events.

Expense Detail		2003	2004	2005	2006	2007
		Actual	Actual	Actual	Budget	Budget
PERS	ONAL SERVICES					
5100	Permanent Employees - Regular	2,193,506	2,136,043	1,896,285	2,129,100	2,236,100
5101	Permanent Employees - Overtime	123,269	156,426	155,216	106,600	133,000
5103	Temporary Employees - Regular	1,845	0	3,226	0	0
	TOTAL	2,318,620	2,292,469	2,054,727	2,235,700	2,369,100
EMPL	OYEE BENEFITS					
5121	P.E.R.A.	126,654	127,735	112,109	134,500	146,200
5122	F.I.C.A. Social Security	139,048	168,001	124,655	138,700	145,100
5123	F.I.C.A. Medicare	32,513	1,088	29,868	32,400	33,900
5124	Health Insurance	273,830	283,333	276,704	340,900	370,000
5125	Dental Insurance	14,278	14,962	14,925	18,100	13,700
5126	Life Insurance	9,914	9,771	8,025	8,800	9,100
	TOTAL	596,237	604,890	566,286	673,400	718,000
OPER	ATING EXPENSES					
5200	Office Supplies	4,269	8,771	7,246	7,700	8.000
5203	Paper/Stationery	14,595	12,079	7,893	13,100	12,400
5212	Motor Fuel	24,038	30,740	35,296	38,900	41,000
5215	Shop Materials	5,639	7,631	7,130	9,500	9,500
5218	Uniforms	5,701	4,915	4,284	6,300	7,200
5219	Other Miscellaneous Supplies	29,897	23,207	27,170	8,500	8,500
5220	Repair & Maintenance Supplies	81,855	69,456	8,728	125,000	105,000
5227	Utility System Maintenance Supply	117,258	97,436	70,758	175,400	165,200
5228	Painting Supplies	4,858	3,645	3,468	8,500	8,500
5240	Small Tools	5,854	4,149	5,336	9,100	8,200
5241	Small Equipment	11,845	8,694	7,126	14,500	13,400
5321	Telephone	5,496	5,099	7,754	17,000	17,100
5322	Postage	61,468	77,871	67,621	71,000	71,000
5331	Training / Travel	3,363	1,010	2,309	9,700	10,500
5335	Mileage Reimbursement	2,682	2,830	3,418	3,600	3,900
5339	Armored Pickup	1,461	1,523	1,561	1,400	1,400
5340	Advertising and Promotion	154,074	148,653	125,360	141,000	132,000
5355	Printing & Copying	1,137	1,522	1,066	1,400	1,100
5404	Equipment Maintenance & Repair	10,127	6,824	13,394	9,700	10,000
5409	Fleet Services	32,102	57,348	110,521	51,000	56,200
5415	Vehicle/Equipment Rental	569	5,937	8,828	7,000	7,000
5427	Credit Card	9,888	17,253	32,138	39,800	42,000
5432	Uncollectible Accounts	39,974	46,754	221,162	40,000	61,200
5434	Grants, Awards/Spec Projects	0	0	0	225,000	150,000
5441	Other Services & Charges	10,340	5,124	5,773	5,500	6,500
5822	Worker's Comp Rehab & Training _	0	0	1,073	25,600	12,800
	TOTAL	638,490	648,471	786,413	1,065,200	969,600
1940	TOTAL - CUSTOMER SRVS	3,553,347	3,545,830	3,407,426	3,974,300	4,056,700

Utility Operations 520-500-1945
Operates, maintains and improves the pipeline distribution system to provide a dependable supply of natural gas to Duluth and surrounding areas.

Expe	nse Detail	2003	2004	2005	2006	2007
		Actual	Actual	Actual	Budget	Budget
	ONAL SERVICES					
5100	Permanent Employees - Regular	897,061	822,060	830,435	880,300	915,300
5101	Permanent Employees - Overtime	71,850	169,478	171,540	125,000	125,000
5103	Temporary Employees - Regular _	0	0	4,288	9,100	4,600
	TOTAL	968,911	991,538	1,006,263	1,014,400	1,044,900
EMPL	OYEE BENEFITS					
5121	P.E.R.A.	53,885	56,763	54,165	60,300	65,000
5122	F.I.C.A. Social Security	58,398	75,414	60,571	62,300	64,500
5123	F.I.C.A. Medicare	13,661	21	14,497	14,600	15,100
5124	Health Insurance	96,462	102,665	108,275	127,300	141,800
5125	Dental Insurance	4,947	5,858	5,884	7,100	5,400
5126	Life Insurance	3,494	3,681	3,234	3,400	3,600
	TOTAL	230,847	244,402	246,626	275,000	295,400
0050	ATING EVENIORS	,	,	,	•	,
	ATING EXPENSES	0.000	0.100	0.047	0.000	0.500
5200	Office Supplies	2,322	3,166	2,317	2,000	2,500
5205	Safety & Training Materials	3,262	1,097	900	3,600	3,000
5210	Plant Operations Supplies	616	1,442	991	4,500	3,500
5212	Motor Fuel	35,649	39,435	51,880	45,000	52,000
5,215	Shop Materials	0	1,127	2,441	4,300	3,500
5218	Uniforms	4,978	3,387	3,327	4,000	4,500
5219	Other Miscellaneous Supplies	5,192	5,455	9,076	4,000	4,000
5222	Paving Materials	7,671	12,411	12,952	10,000	10,000
5223	Salt and Sand	21,175	8,915	927	15,000	10,000
5227	Utility Maintenance Supply	91,700	206,572	135,441	130,400	130,400
5240	Small Tools	250	190	4,036	4,600	4,600
5241	Small Equipment	7,393	6,613	5,248	8,300	6,900
5310	Contract Services	453	440	6,037	4,400	3,900
5321	Telephone	1,641	1,778	1,971	2,500	2,100
5331	Training Expense	1,241	8,651	3,985	8,100	10,500
5335	Mileage Reimbursement	10	610	3,434	4,600	4,800
5382	Water/Sewer/Gas	894	1,132	0	2,700	2,700
5384	Refuse Disposal	0	0	285	5,000	5,000
5404	Equipment Maintenance/Repair	128	774	475	1,500	1,000
5409	Fleet Service Charges	139,674	130,093	99,971	130,000	120,000
5415	Vehicle/Equipment Rental	692	12,925	7,274	5,500	5,300
5441	Other Services & Charges	3,149	2,854	1,781	2,200	2,400
5450	Laundry	5,340	5,312	5,502	4,500	5,000
5742	Transfer to Special Assessment	3,644	17,624	13,805	15,000	15,000
	TOTAL	337,074	472,003	374,056	421,700	412,600
1945	TOTAL - UTILITY OPERATIONS	1,536,832	1,707,943	1,626,945	1,711,100	1,752,900

Natural Gas 520-500-1960

This cost center is responsible for the purchase and odorizing of natural gas and monitoring its transportation through the distribution system. This includes ensuring a safe and adequate natural gas supply in compliance with Minnesota Office of Pipeline Safety Regulations.

Expe	nse Detail	2003	2004	2005	2006	2007
		Actual	Actual	Actual	Budget	Budget
_	ONAL SERVICES					
5100	Permanent Employees - Regular	411,225	362,295	371,865	415,800	428,600
5101	Permanent Employees - Overtime	12,370	18,738	13,656	9,000	9,000
5103	Temporary Employees - Regular	0	0	167	0	0
	TOTAL	423,595	381,033	385,688	424,800	437,600
EMPL	OYEE BENEFITS					
5121	P.E.R.A. Contribution	25,673	21,045	20,929	25,500	27,400
5122	F.I.C.A. Social Security	22,092	25,540	22,958	26,400	27,100
5123	F.I.C.A. Medicare	5,167	0	5,497	6,200	6,400
5124	Health Insurance	38,846	38,480	38,623	48,800	49,100
5125	Dental Insurance	1,898	1,969	2,569	3,100	2,300
5126	Life Insurance	1,494	4,286	1,348	1,500	1,600
	TOTAL	95,170	91,320	91,924	111,500	113,900
SUPP	LIES					
5200	Office Supplies	3,230	2,184	2,778	3,100	3,300
5210	Plant Operations Supplies	20,697	14,508	10,746	20,000	22,000
5212	Motor Fuel	3,905	4,683	5,308	5,000	5,000
5218	Uniforms	953	869	918	1,000	1,200
5219	Other Miscellaneous Supplies	2,192	1,362	13,662	6,000	9,500
5220	Repair & Maintenance Supplies	17,298	18,492	8,836	5,200	8,300
5241	Small Equipment	1,135	10,514	3,514	1,400	4,500
5280	Natural Gas Purchases	29,530,370	32,396,692	41,122,097	39,062,100	41,175,500
5310	Contract Services	22,750	0	24,765	30,000	30,000
5321	Telephone	1,114	660	841	1,200	1,500
5331	Training Expense	3,355	4,398	3,625	7,800	8,300
5381	Electricity	0	45	2,285	1,000	4,700
5382	Water/Sewer/Gas	0	0	0	3,700	4,000
5400	Miscellaneous Repair & Maint	0	2,123	2,631	4,000	4,000
5404	Equipment Maintenance Repair	21,431	38,877	25,889	13,500	10,500
5409	Fleet Services Charges	4,888	4,862	1,939	4,000	8,000
5433	Dues and Subscriptions	2,541	23,359	24,429	3,500	3,500
5441	Other Services & Charges	27,439	37,880	3,752	1,200	1,200
	TOTAL	29,663,298	32,561,508	41,258,015	39,173,700	41,305,000
1960	TOTAL - NATURAL GAS	30,182,063	33,033,861	41,735,627	39,710,000	41,856,500

Sewer Fund



Sewer Fund 530

The Sewer Fund accounts for the provision of sewer service to the citizens of Duluth as a self-supporting enterprise fund. Activities include the operation and maintenance of the City's sanitary collection system.

The major expense category is for contractual services and charges paid to the Sanitary District of WLSSD, constituting 36% of total proposed expenses. Presented below is a tabular summary of the major categories of revenues and expenses over a five year period.

Estimated Income and	2003	2004	2005	2006	2007
Expense	Actual	Actual	Actual	Budget	Budget
REVENUE					
Operating Revenue	16,850,355	16,162,069	14,343,674	15,384,100	15,967,300
Non-Operating Revenue	547,764	735,439	1,367,840	79,400	85,700
	17,398,119	16,897,508	15,711,514	15,463,500	16,053,000
EXPENSES					
Personal Services	2,074,596	2,358,366	2,559,737	3,005,200	3,601,600
Supplies	150,393	256,674	247,030	278,500	281,600
Other Services & Charges	5,598,863	4,320,027	2,814,902	2,125,100	2,695,600
WLSSD Treatment	6,231,032	6,429,310	6,615,519	6,992,400	7,237,100
Utilities	57,481	72,636	82,861	129,100	124,200
Depreciation/ Amortization	553,884	598,039	628,328	639,200	848,100
Improvements -Non-Capital	294,598	164,501	7,523	670,000	251,600
Debt Service - Interest	380,928	364,978	496,843	602,700	650,100
Debt Service - Other	14,621	20,538	26,116	2,200	30,800
Transfers	86,820	0	0	25,000	20,000
•	15,443,216	14,585,069	13,478,859	14,469,400	15,740,700
ESTIMATED OPERATING					
INCOME (LOSS)	1,954,903	2,312,439	2,232,655	994,100	312,300

Sewer Fund Estimated Unrestricted Cash Balance

OPERATING FUND	2006 Projected	2007 Approved
ESTIMATED UNRESTRICTED CASH AND DEBT SERVICE CASH	4,039,233	3,964,373
Additions		
Estimated Operating Income (Loss)	681,390	312,300
Depreciation and Amortization	701,400	848,100
Bond Amortization	30,800	30,800
Special Assessment Principal	12,000	12,000
WLSSD 2005 Adjustment	243,333	0
WLSSD Share of Capital Cost	730,167	0
Morgan Park Grant	460,000	0
Loan Proceeds (Morgan Park)	91,000	0
Total Additions	2,950,090	1,203,200
<u>Deductions</u>		
Bond Principal Payments	1,057,870	1,277,980
Encumbrances	868,500	0
Capital Improvements from Current Revenues	847,280	1,247,900
Capital Equipment Purchases	251,300	83,100
Total Deductions	3,024,950	2,608,980
ESTIMATED BUDGETARY YEAR END CASH BALANCE	3,964,373	2,558,593

Sewer Fund 530

Revenue	Detail	2003	2004	2005	2006	2007
		Actual	Actual	Actual	Budget	Budget
_	NG REVENUES:					
4815	Sewer Revenues	13,234,885	13,625,788	14,287,614	15,329,100	15,917,300
4816	Sewer Revenues - LSPI	3,515,097	2,468,510	0	0	0
4840	Misc. Operating Revenue	70,678	33,890	15,027	30,000	15,000
4851	Interest Earned on					
	Customer Accounts	29,695	33,881	41,033	25,000	35,000
TOTAL OF	PERATING REVENUES	16,850,355	16,162,069	14,343,674	15,384,100	15,967,300
NON-OPE	RATING REVENUES:					
4210	Federal Grants	0	350,000	0	0	0
4220	State of Minnesota Grant	0	0	495,179	0	0
4224	Pera Aid	8,283	8,283	4,141	8,200	8,200
4670	Other's Share of Improvements	0	0	730,167	0	0
4697	Others Share of Improvements	13,593	0	0	0	0
4806	Connestion Fees	0	78,871	32,295	10,000	30,000
4850	Earnings on Investments	31,370	21,017	42,250	50,000	35,000
4851	Interest Income - Other Sources	9,696	8,290	8,403	11,200	12,500
4853	Gain on Sale of Assets	33,514	100,345	1,834	0	0
4858	Utility Special Assessments	451,308	168,633	53,571	0	0
TOTAL NO	DN-OPERATING REVENUES	547,764	735,439	1,367,840	79,400	85,700
TOTAL RE	EVENUE	17,398,119	16,897,508	15,711,514	15,463,500	16,053,000

Director's Office

530-500-1900

The Director's Office provides leadership and management for the Public Works and Utilities Department.

Expe	nse Detail	2003	2004	2005	2006	2007
		Actual	Actual	Actual	Budget	Budget
PERS	ONAL SERVICES					
5100	Permanent Employees - Regular	30,420	32,054	39,651	34,300	35,000
5101	Permanent Employees - Overtime _	64	18	210	0	0
	TOTAL	30,484	32,072	39,861	34,300	35,000
EMPL	OYEE BENEFITS					
5121	P.E.R.A.	1,696	1,724	1,911	2,100	2,200
5122	F.I.C.A. Social Security	1,734	2,209	2,236	2,100	2,200
5123	F.I.C.A. Medicare	424	21	580	500	500
5124	Health Insurance	2,277	2,560	3,295	3,400	3,700
5125	Dental Insurance	124	139	168	200	100
5126	Life Insurance	84	84	87	100	100
	TOTAL	6,339	6,737	8,277	8,400	8,800
OPER	ATING EXPENSES					
5200	Office Supplies	86	0	108	100	100
5205	Safety & Training Materials	0	0	192	1,300	0
5321	Telephone	0	0	0	100	100
5331	Training Expense	145	140	549	1,100	500
5335	Mileage Reimbursement	0	0	0	100	0
	TOTAL	231	140	849	2,700	700
1900	TOTAL - DIRECTOR'S OFFICE	37,054	38,949	48,987	45,400	44,500

Capital 530-500-1905

Capital expenditures support the infrastructure required to collect wastewater for treatment and maintain a dependable sanitary sewer system. This includes the cost of depreciation and debt service.

Expe	nse Detail	2003	2004	2005	2006	2007
		Actual	Actual	Actual	Budget	Budget
NON-0	OPERATING EXPENSES					
5420	Depreciation	544,412	588,567	616,340	639,200	848,100
5421	Amortization	9,472	9,472	9,472	0	0
5441	Other Services and Charges	3,577	25,426	1,642	0	0
5532	Capital Improvements - Bonds	0	1,263,106	4,257,605	1,816,900	2,804,000
5533	Capital Improvements - Revenue	1,303,114	354,716	987,538	87,500	120,000
5535	Improvements (Non-Capital)	294,598	164,501	7,523	70,000	251,600
5536	Utility Infrastructure Replace. Proj.	0	779,820	1,427,845	532,300	1,127,900
5540	Equipment (Non-Capital)	64,944	84,646	9,418	5,300	0
5580	Capital Equipment	280,166	23,988	157,597	250,500	83,100
5611	Bond Interest	380,928	364,978	496,843	602,700	650,100
5613	Interest - from Amortization	0	0	23,591	28,600	28,600
5614	Bond Amortization	14,621	20,538	0	2,200	0
5620	Fiscal Agents Fee	800	1,656	1,823	800	800
5622	Bond Amortization	0	0	2,516	0	2,200
5741	Transfer to Perm Imp Fund	86,820	0	0	0	0
	_					
1905	TOTAL - CAPITAL	2,983,452	3,681,414	7,999,753	4,036,000	5,916,400

Utility General Expense

530-500-1915

This represents normal and routine department operating expenses that can be allocated to each utility fund. Examples include costs for safety and training, insurance, office supplies and utilities.

Expe	nse Detail	2003	2004	2005	2006	2007
		Actual	Actual	Actual	Budget	Budget
_	ONAL SERVICES					
5100	Permanent Employees - Regular	30,840	28,169	29,058	35,500	0
5101	Permanent Employees - Overtime	501	287	0	0	0
	TOTAL	31,341	28,456	29,058	35,500	0
EMPL	OYEE BENEFITS					
5121	P.E.R.A.	1,693	1,477	1,618	2,100	0
5122	F.I.C.A. Social Security	1,931	2,134	1,789	2,200	0
5123	F.I.C.A. Medicare	452	13	428	500	0
5124	Health Insurance	4,344	3,699	4,222	5,700	0
5125	Dental Insurance	219	221	271	400	0
5126	Life Insurance	1,665	782	441	200	0
5134	Other Post Retirement Benefits	0	0	0	0	561,000
5135	Retiree Health Insurance	156,813	183,198	192,725	200,000	229,900
5141	Unemployment Compensation	583	1,685	0	0	0
5151	Worker's Compensation	34,074	31,000	47,392	34,000	44,800
	TOTAL	201,774	224,209	248,886	245,100	835,700
OPER	ATING EXPENSES					
5200	Office Supplies	2,515	1,083	1,631	5,700	4,800
5205	Safety & Training	822	1,344	89	600	1,900
5211	Cleaning & Janitorial Supplies	658	1,608	2,603	2,200	2,200
5219	Other Miscellaneous Supplies	0	0	1,002	0	0
5241	Small Equipment	3,040	4,655	796	200	600
5301	Auditing Services	1,989	1,828	3,671	2,000	2,200
5305	Medical Services/Testing Fees	2,579	2,580	2,230	1,900	1,900
5310	Contract Services	4,854	1,635	10,000	17,000	15,000
5321	Telephone	11,056	12,053	10,685	5,300	5,300
5331	Training / Travel	1,599	746	190	0	700
5360	Insurance	102,046	63,200	173,369	153,100	144,200
5381	Electricity	3,199	7,906	3,876	11,200	12,300
5382	Water & Gas	5,551	13,615	15,567	17,000	17,200
5384	Refuse Disposal	451	1,368	1,339	1,500	1,700
5401	Building/structure Repair & Maint	67	1,550	9,328	3,600	6,000
5409	Equipment/Machinery Repair	0	602	451	2,600	2,600
5418	Vehicle/Equipment Lease	0	901	973	2,400	2,400
5439	Special Projects	2,708	0	662	3,000	1,500
5441	Other Services & Charges	12,110	16,434	4,449	7,700	5,800
5493	Cost Allocation	417,804	440,804	440,800	417,800	417,800
	TOTAL	573,048	573,912	683,711	654,800	646,100
1915	TOTAL - UTILITY GENERAL	806,163	826,577	961,655	935,400	1,481,800

Engineering 530-500-1930

Provides engineering services including design, inspection and construction locates for the sanitary sewer collection system.

Expe	nse Detail	2003	2004	2005	2006	2007
		Actual	Actual	Actual	Budget	Budget
,						
_	ONAL SERVICES					
5100	Permanent Employees - Regular	221,106	238,011	286,549	256,700	244,900
5101	Permanent Employees - Overtime	10,392	9,872	6,908	17,400	12,000
5103	Temporary Employees - Regular _	828	0	393	2,000	2,000
	TOTAL	232,326	247,883	293,850	276,100	258,900
EMPL	OYEE BENEFITS					
5121	P.E.R.A.	12,670	13,478	15,812	15,400	16,400
5122	F.I.C.A. Social Security	13,639	18,010	17,428	15,900	16,300
5123	F.I.C.A. Medicare	3,188	100	4,159	3,700	3,800
5124	Health Insurance	22,525	26,969	39,176	41,000	39,300
5125	Dental Insurance	1,256	1,473	1,909	1,900	1,300
5126	Life Insurance	850	882	993	900	900
	TOTAL	54,128	60,912	79,477	78,800	78,000
OPER	ATING EXPENSES					
5200	Office Supplies	1,048	1,243	1,064	900	900
5201	Computer Supplies	1,883	2,464	3,196	3,100	3,100
5203	Paper, Stationary & Forms	57	93	127	200	200
5205	Safety & Training Materials	40	43	196	100	100
5212	Motor Fuels	0	0	0	900	900
5219	Other Miscellaneous Supplies	1,151	647	46	1,100	1,100
5240	Small Tools	0	0	0	200	200
5241	Small Equipment	2,554	1,345	2,493	3,100	2,700
5303	Engineering Services	83,740	0	150,091	100,000	50,000
5310	Contract Services	0	0	0	3,800	0
5321	Telephone	811	556	1,315	800	800
5322	Postage	0	0	0	100	100
5331	Training Expenses	0	1,708	1,355	3,700	3,700
5335	Mileage Reimbursement - Local	5,194	2,280	742	200	200
5404	Equipment Maintenance/Repair	711	391	164	500	500
5409	Fleet Services Charges	0	775	475	1,200	1,200
5418	Vehicle/Equipment Lease	0	667	0	800	800
5433	Dues & Subscriptions	103	550	397	500	500
5435	Books & Pamphlets	134	155	75	100	100
5441	Other Services and Charges	792	1,463	362	1,700	1,700
5486	One Call System	2,821	2,189	2,795	2,500	2,500
	TOTAL	101,039	16,569	164,893	125,500	71,300
1930	TOTAL - ENGINEERING	387,493	325,364	538,220	480,400	408,200

Customer Services

530-500-1940

Customer Accounts provides billing, collection of payments and account services for utility customers.

Expe	nse Detail	2003	2004	2005	2006	2007
		Actual	Actual	Actual	Budget	Budget
	ONAL SERVICES					
5100	Permanent Employees - Regular	202,526	207,694	221,121	249,900	270,400
5101	Permanent Employees - Overtime	3,360	5,427	11,044	5,100	5,100
5103	Temporary Employees - Regular _	0	0	1,077	0	0
	TOTAL	205,886	213,121	233,242	255,000	275,500
EMPL	OYEE BENEFITS					
5121	P.E.R.A.	11,125	11,419	12,471	15,000	17,200
5122	F.I.C.A. Social Security	12,210	15,483	13,940	15,500	17,100
5123	F.I.C.A. Medicare	2,862	120	3,326	3,600	4,000
5124	Health Insurance	29,090	32,637	37,205	48,600	55,100
5125	Dental Insurance	1,472	1,715	1,950	2,600	1,900
5126	Life Insurance	1,033	1,095	1,034	1,200	1,300
	TOTAL	57,792	62,469	69,926	86,500	96,600
OPER	ATING EXPENSES					
5200	Office Supplies	924	2,497	1,868	2,900	2,600
5201	Computer Supplies	331	746	1,058	1,000	1,100
5203	Paper/Stationery	5,901	5,011	4,090	7,800	7,400
5212	Motor Fuel	0	0	0	200	200
5241	Small Equipment	606	793	325	1,400	1,600
5321	Telephone	244	255	200	300	300
5322	Postage	25,146	31,845	27,355	41,800	41,800
5331	Training Expense	0	0	7	800	800
5335	Mileage Reimbursement	1,192	1,258	1,593	2,200	2,400
5339	Armored Pickup	571	623	639	800	800
5404	Equipment Maintenance & Repair	3,825	2,689	4,092	5,400	5,600
5409	Fleet Services	0	216	814	300	500
5415	Vehicle/Equipment Rental	341	2,429	3,396	4,100	4,100
5427	Credit Card Commission	3,295	6,762	12,583	15,900	16,800
5432	Uncollectible Accounts	7,367	11,468	-25,518	8,000	12,600
5441	Other Services & Charges	1,032	379	245	300	300
5451	Pay Station	1,185	1,106	994	900	1,500
	TOTAL	51,960	68,077	33,741	94,100	100,400
1940	TOTAL - CUSTOMER					
	SERVICES	315,638	343,667	336,909	435,600	472,500

Utility Operations

530-500-1945

Operates, maintains and monitors a system of pumping stations and pipelines to dependably move wastewater to the WLSSD treatment plant. Cleaning and construction crews maximize the efficiency of the sanitary system through inspection, preventive maintenance, repairs and emergency response.

Expe	nse Detail	2003	2004	2005	2006	2007
-		Actual	Actual	Actual	Budget	Budget
PERS	ONAL SERVICES					
5100	Permanent Employees - Regular	727,346	788,508	743,471	917,000	952,900
5101	Permanent Employees - Overtime	52,077	99,741	170,900	95,000	100,000
5103	Temporary Employees - Regular _	14,632	0	18,152	27,300	18,200
	TOTAL	794,055	888,249	932,523	1,039,300	1,071,100
EMPL	OYEE BENEFITS					
5121	P.E.R.A.	43,060	47,265	50,208	60,700	65,800
5122	F.I.C.A. Social Security	47,522	65,295	56,602	62,700	65,300
5123	F.I.C.A. Medicare	11,116	460	13,537	14,700	15,300
5124	Health Insurance	86,685	97,554	103,355	143,800	151,400
5125	Dental Insurance	4,388	5,378	5,590	7,800	5,800
5126	Life Insurance	2,969	3,236	2,912	3,800	3,900
5141	Unemployement Compensation	0	0	2,115	0	0
	TOTAL	195,740	219,188	234,319	293,500	307,500
OPER	ATING EXPENSES					
5200	Office Supplies	2,702	4,308	4,556	7,600	5,500
5201	Computer Supplies	2,674	2,584	3,590	1,000	1,000
5205	Safety & Training Materials	5,675	5,458	4,725	4,400	4,400
5210	Plant Operations Supplies	19,777	9,791	26,281	25,400	25,400
5212	Motor Fuel	35,262	38,691	52,130	45,000	50,000
5,215	Shop Materials	0	0 0	1,936	2,000	2,000
5218	Uniforms	1,166	6,185	4,064	4,200	4,200
5220	Repair and Maintenance Supplies	739	3,674	5,501	14,500	18,500
5222	Paving Materials	2,433	3,074	14,698	4,000	4,500
5223	Salt and Sand	13,744	20,103	16,729	15,500	15,500
5223				73,703	*	
5240	Utility Maintenance Supply Small Tools	18,935	65,672		44,500	50,000
5240 5241		4,483	3,406	5,087	5,300	5,300
	Small Equipment	14,202	10,360	7,124	19,300	29,800
5310	Contract Services	2,665	8,559	4,773	13,700	18,700
5321	Telephone	1,461	954	1,396	10,000	10,000
5331	Training Expense	9,092	16,699	16,548	19,100	12,500
5335	Mileage Reimbursement	27,604	28,423	15,574	4,600	4,900
5381	Electricity Water & Sewer	34,134	35,603	44,266	60,000	50,000
5382		14,597	15,512	19,152	25,000	28,000
5384	Refuse Disposal	4,479	7,697	11,974	14,400	15,000
5404	Equipment Maintenance/Repair	897	3,849	4,781	4,800	4,800
5409	Fleet Service Charges	185,929	143,614	124,488	140,000	140,000
5415	Vehicle/Equipment Rental	180	1,577	2,701	3,000	3,300
5441	Other Services & Charges	698	706	1,492	2,300	2,800
5450	Laundry	8,229	9,998	10,357	8,300	8,300
5742	Transfer to Special Assessment	26,601	14,651	10,047	25,000	20,000
	TOTAL	438,358	458,471	487,673	522,900	534,400
1945	TOTAL - UTILITY OPERATIONS	1,428,153	1,565,908	1,654,515	1,855,700	1,913,000

Wastewater Treatment

530-500-1965

Wastewater Treatment represents the treatment and flow charge from the Western Lake Superior Sanitary District. Services provided include the removal of phosphorous, biochemical oxygen demand and suspended solids to standards specified in a United States Environmental Protection Agency permit.

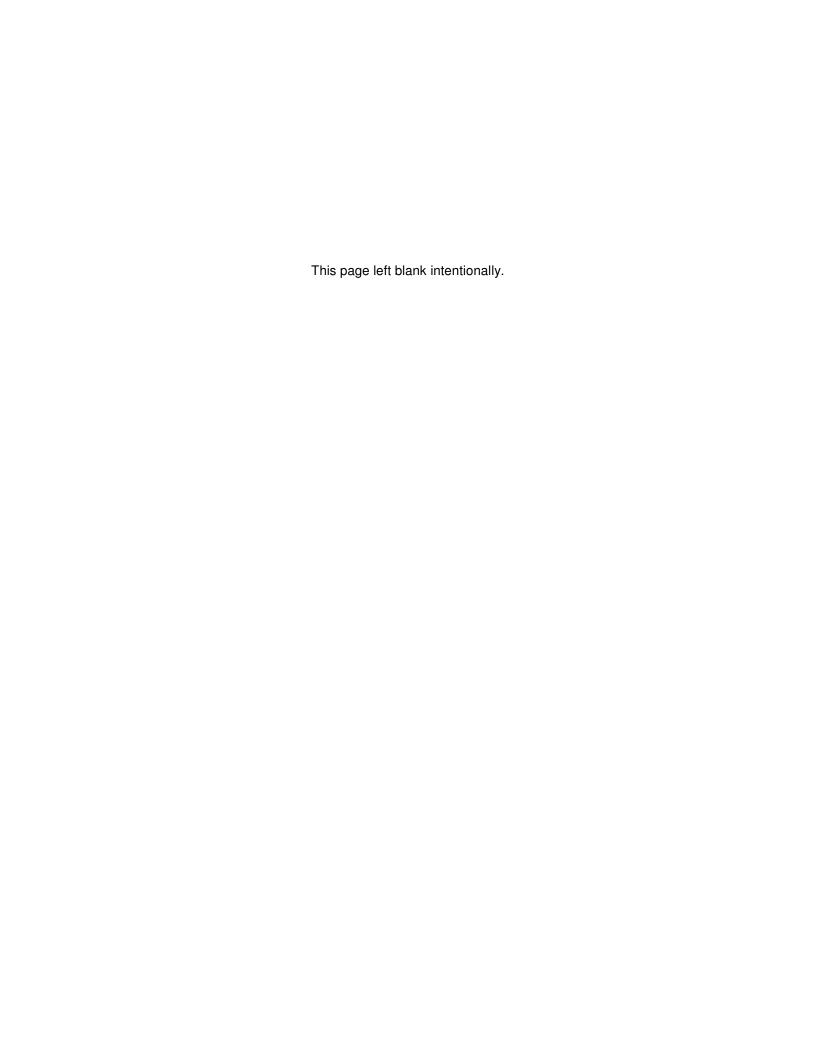
Expe	nse Detail	2003	2004	2005	2006	2007
		Actual	Actual	Actual	Budget	Budget
5045		0.545.007	0.400.544			
5315	Lake Superior Paper Treatment	3,515,097	2,468,511			
5484	Western Lake Superior					
	Sanitary District Srv Charge	6,231,032	6,429,310	6,615,519	6,992,400	7,237,100
5485	Western Lake Superior					
	Sanitary District Testing	131,471	149,207	155,580	155,600	179,200
				•	·	
0575	TOTAL- SEWER TREATMENT	9,877,600	9,047,028	6,771,099	7,148,000	7,416,300

Inflow and Infiltration

530-500-1970

Inflow and infiltration is responsible for identifying sources of clear water that enter the wastewater collection system and for making recommendations for the removal of these sources. Grants are available to homeowners to disconnect foundation drains that contribute to excess water in the sanitary system and that may lead to property damage and water pollution.

Expen	se Detail	2003	2004	2005	2006	2007
		Actual	Actual	Actual	Budget	Budget
						_
PERSC	NAL SERVICES					
5100	Permanent Employees - Regular	324,959	332,841	356,817	490,500	473,500
5101	Permanent Employees - Overtime	10,910	16,351	31,432	20,000	20,000
	TOTAL	335,869	349,192	388,249	510,500	493,500
EMPLC	YEE BENEFITS					
5121	P.E.R.A.	18,269	19,124	21,307	30,600	30,900
5122	F.I.C.A. Social Security	19,846	25,955	23,776	31,600	30,600
5123	F.I.C.A. Medicare	4,641	139	5,671	7,400	7,200
5124	Health Insurance	35,041	36,809	41,787	66,800	67,700
5125	Dental Insurance	1,942	2,269	2,615	3,900	2,800
5126	Life Insurance	1,314	1,366	1,367	1,900	1,800
	TOTAL	81,053	85,662	96,523	142,200	141,000
ODEDA	TING EXPENSES					
5200		2.062	1,353	381	1 500	1 500
5200	Office Supplies	2,062	•	612	1,500 500	1,500 500
5201	Computer Supplies	03 0	0	0	800	
5205 5218	Safety & Training Uniforms	0	194	0		500
		-	_		1,700	1,500
5220	Repair & Maintenance Supplies	0	0	307	1,500	1,500
5227	Utility System Maintenance Supplie	0	•	240	2,400	2,400
5240	Small Tools	0	1,110	116	500	500
5241	Small Equipment	4,841	25,438	4,751	40,700	31,500
5319	Other Professional Services	0	400	90	0	0
5321	Telephone	2,757	2,982	3,639	3,500	3,500
5322	Postage	526	33	30	1,500	1,000
5331	Training Expense	0	0	0	1,800	3,400
5333	Freight/Delivery Charges	0	0	0	500	500
5335	Mileage Reimbursement	11,830	11,107	20,158	33,000	33,600
5355	Printing & Copying	309	6,343	0	2,500	2,500
5404	Equipment Maintenance Repair	0	0	440	2,500	2,500
5409	Fleet Services	0	1,244	3,628	3,000	3,500
5441	Other Services and Charges	0	0	0	0	200
5443	Board and Meeting Expenses	100	21	61	200	0
5482	Private Property Sewer Grants	723,337	541,769	1,236,050	900,000	900,000
5540	SSO Improvements	0	62	338,459	600,000	600,000
		745,845	592,056	1,608,962	1,598,100	1,590,600
1970	TOTAL INFLOW & INFILTRATION	1,162,767	1,026,910	2,093,734	2,250,800	2,225,100



Stormwater Fund



Stormwater Utility Fund

535

The Stormwater Utility Fund accounts for the provision of stormwater sewer service to the citizens of Duluth as a self-supporting enterprise fund. Activities include the operation and maintenance of the City's stormwater sewer collection system.

The utility was created in mid year 1998 and began operations as a self supporting utility. The primary funding source is user charges to all residential and business property owners.

Estimated Income and	2003	2004	2005	2006	2007
Expense	Actual	Actual	Actual	Budget	Budget
					_
REVENUE					
Stormwater Sewer Service	2,836,720	2,853,984	2,937,075	2,830,000	3,948,000
Miscellaneous Revenue	4,766	7,166	15,566	7,000	7,000
Non-Operating	83,704	75,587	41,319	15,000	10,000
· · · · · · · · · · · · · · · · · · ·	2,925,190	2,936,737	2,993,960	2,852,000	3,965,000
EXPENSES					
Personal Services	1,282,496	1,512,147	1,416,820	1,483,300	1,610,200
Supplies	156,748	118,707	134,453	187,100	180,500
Other Services and Charges	510,457	469,934	542,124	456,500	428,000
Utilities	11,154	14,449	13,888	43,000	45,900
Depreciation and Amortization	189,918	239,146	270,002	290,000	313,300
Improvements - Non-Capital	212,369	103,631	110,883	132,500	51,600
Debt Service - Interest	52,363	48,794	49,906	47,600	117,700
Bond Amortization	0	1,113	1,113	1,100	2,200
Transfers Out		,	,	13,000	135,000
	2,415,505	2,507,921	2,539,189	2,654,100	2,884,400
ESTIMATED OPERATING					
INCOME (LOSS)	509,685	428,816	454,771	197,900	1,080,600

Stormwater Utility Fund Estimated Unrestricted Cash Balance

OPERATING FUND	2006 Projected	2007 Approved
ESTIMATED UNRESTRICTED CASH BALANCE JANUARY 1	937,925	256,254
Additions		
Estimated Operating Income (Loss)	390,860	1,080,600
Depreciation and Amortization	279,800	313,300
Bond Amortization	1,100	2,200
Other's Share of Improvements (SLC)	131,191	0
Bond Proceeds (Morgan Park)	392,450	0
Total Additions	1,195,401	1,396,100
<u>Deductions</u>		
Bond Principal Payments	76,000	80,000
Encumbrances	386,722	0
Capital Improvements from Current Revenues	1,262,550	1,101,200
Capital Equipment Purchases	151,800	225,000
Capital Improvements - Morgan Park		
Total Deductions	1,877,072	1,406,200
ESTIMATED UNRESTRICTED CASH BALANCE DECEMBER 31	256,254	246,154

Stormwater Utility Fund

535

Revenue	Revenue Detail		2004	2005	2006	2007
		Actual	Actual	Actual	Budget	Budget
OPERATIN	IG REVENUES:					
4835	Stormwater Revenues	2,836,720	2,853,984	2,937,075	2,830,000	3,948,000
4805	Reimbursements	0	0	5,000	0	0
4802	Interest Earned on					
	Customer Accounts	4,766	7,166	9,516	7,000	7,000
4809	Miscellaneous Operating Revenues	0	0	1,050	0	0
TOTAL OF	PERATING REVENUE	2,841,486	2,861,150	2,952,641	2,837,000	3,955,000
NON-OPE	RATING REVENUES:					
4230	State of Minnesota Grant	64,077	59,302	30,206	0	0
4850	Earnings on Investments	19,627	16,404	11,113	15,000	10,000
4853	Gain/Loss - Sales of Fixed Assets	0	-119	0	0	0
TOTAL NO	N-OPERATING REVENUES	83,704	75,587	41,319	15,000	10,000
TOTAL RE	VENUE	2,925,190	2,936,737	2,993,960	2,852,000	3,965,000

Director's Office

535-500-1900

The Director's Office provides leadership and management for the Public Works and Utilities Department.

Expe	nse Detail	2003	2004	2005	2006	2007
		Actual	Actual	Actual	Budget	Budget
PERS	ONAL SERVICES					
5100	Permanent Employees - Regular	30,419	32,053	33,340	34,300	35,000
5101	Permanent Employees - Overtime_	64	18	0	0	0
	TOTAL	30,483	32,071	33,340	34,300	35,000
EMPL	OYEE BENEFITS					
5121	P.E.R.A.	1,696	1,724	1,785	2,100	2,200
5122	F.I.C.A. Social Security	1,733	2,209	1,832	2,100	2,200
5123	F.I.C.A. Medicare	424	21	486	500	500
5124	Health Insurance	2,278	2,560	3,094	3,400	3,700
5125	Dental Insurance	125	140	155	200	100
5126	Life Insurance	84	84	81	100	100
	TOTAL	6,340	6,738	7,433	8,400	8,800
OPEF	RATING EXPENSES					
5200	Office Supplies	86	0	195	100	100
5205	Safety & Training Materials	0	0	192	1,300	0
5321	Telephone	0	0	0	100	100
5331	Training Expense	0	167	550	1,100	500
5335	Mileage Reimbursement-Local	0	0	0	100	0
	TOTAL	86	167	937	2,700	700
1900	TOTAL - DIRECTOR'S OFFICE	36,909	38,976	41,710	45,400	44,500

Capital 535-500-1905

Capital expenditures support the infrastructure required to provide dependable collection and conveyance of stormwater. This includes the cost of depreciation and debt service.

Expe	nse Detail	2003	2004	2005	2006	2007
		Actual	Actual	Actual	Budget	Budget
NON	ODEDATING EVDENOES					
	OPERATING EXPENSES					
5420	Depreciation	159,918	209,146	240,002	260,000	283,300
5421	Amortization	30,000	30,000	30,000	30,000	30,000
5441	Other Services and Charges	35	116	771	0	0
5532	Capital Improvements - Bond	0	0	0	1,100,000	0
5533	Capital Improvements - Revenue	772,045	868,750	1,114,330	676,800	1,101,200
5535	Improvements (Non-Capital)	212,369	103,631	110,883	132,500	51,600
5540	Equipment (Non-Capital)	46,916	28,623	3,929	2,600	0
5580	Capital Equipment	24,614	19,746	90,200	130,500	225,000
5611	Bond Interest	52,363	50,666	48,794	47,600	117,700
5613	Interest from Amortization	0	1,113	1,113	1,100	1,100
5622	Bond Amortiztion	0	0	0	0	1,100
5614	Capital Lease Interest	1,113	0	0	0	0
5620	Fiscal Agent Fees	0	0	44	0	0
5741	Transfer to PI	3,961	0	0	0	0
1905	TOTAL - CAPITAL	1,303,334	1,311,791	1,640,066	2,381,100	1,811,000

Utility General Expense

535-500-1915

This represents normal and routine department operating expenses that can be allocated to each utility fund. Examples include costs for safety and training, insurance, office supplies and utilities.

Expe	nse Detail	2003 Actual	2004 Actual	2005 Actual	2006 Budget	2007 Budget
	ONAL SERVICES	05.750	00.005	04.004	00.000	
5100	Permanent Employees - Regular	25,753	23,695	24,084	30,300	0
5101	Permanent Employees - Overtime	501	287	0 0 0 0 0 0	0 000	0
	TOTAL	26,254	23,982	24,084	30,300	0
EMPL	OYEE BENEFITS					
5121	P.E.R.A.	1,420	1,318	1,341	1,800	0
5122	F.I.C.A. Social Security	1,618	1,800	1,483	1,900	0
5123	F.I.C.A. Medicare	378	11	355	400	0
5124	Health Insurance	3,443	2,882	3,436	4,800	0
5125	Dental Insurance	174	177	221	300	0
5126	Life Insurance	118	107	115	200	0
5134	Other Post Retirement Benefits	0	0	0	0	189,600
5151	Worker's Compensation	25,000	25,000	2,700	1,000	500
	TOTAL	32,151	31,295	9,651	10,400	190,100
OPER	ATING EXPENSES					
5200	Office Supplies	1,266	121	452	0	0
5201	Computer Supplies/Software	0	277	292	2,100	2,000
5205	Safety & Training Materials	574	1,044	0	400	1,300
5211	Cleaning and Janitorial Supplies	411	1,093	2,603	1,600	1,600
5241	Small Equipment	2,170	2,844	381	200	600
5301	Auditing Services	725	1,205	821	2,000	1,800
5305	Medical Services/Testing Fees	2,601	100	0	700	700
5310	Contract Services	10	29,197	33,159	25,000	15,000
5321	Telephone	1,026	2,695	2,752	3,800	3,800
5331	Training Expenses	2,289	313	190	0	700
5360	Insurance	31,000	31,000	10,070	12,200	11,500
5381	Electricity	3,199	168	2,769	8,000	8,800
5382	Water & Gas	5,274	10,886	11,119	12,200	12,300
5384	Refuse Disposal	451	755	957	1,200	1,300
5401	Bldg/Structure Repair & Maint	67	1,228	7,721	2,800	4,400
5404	Equipment/Machinery Repair	0	602	164	2,100	2,100
5418	Vehicle/Equipment Lease	0	722	695	1,700	1,700
5433	Dues and Subscriptions	0	0	0	0	1,500
5439	Special Projects	13,710	18,212	47,188	11,500	7,500
5441	Other Services and Charges	14,381	15,675	29,150	21,100	20,100
5450	Laundry	0	0	0	400	1,200
5493	Cost Allocation Charges	174,096	183,696	183,700	174,100	174,100
	TOTAL	253,250	301,833	334,183	283,100	274,000
1915	TOTAL - UTILITY GENERAL EXP	311,655	357,110	367,918	323,800	464,100

Engineering 535-500-1930

Provides engineering services including design, inspection and construction locates for the stormwater collection system.

Expe	nse Detail	2003	2004	2005	2006	2007
-		Actual	Actual	Actual	Budget	Budget
PERS	ONAL SERVICES					
5100	Permanent Employees - Regular	169,690	192,252	221,277	233,400	220,700
5101	Permanent Employees - Overtime	2,242	5,088	4,650	13,400	8,000
5103	Temporary Employees - Regular _	0	0	393	900	2,000
	TOTAL	171,932	197,340	226,320	247,700	230,700
EMPL	OYEE BENEFITS					
5121	P.E.R.A.	9,528	10,733	12,229	14,000	14,600
5122	F.I.C.A. Social Security	10,075	14,341	13,406	14,500	14,400
5123	F.I.C.A. Medicare	2,355	78	3,204	3,400	3,400
5124	Health Insurance	16,926	20,854	29,830	36,400	34,300
5125	Dental Insurance	961	1,163	1,483	1,800	1,200
5126	Life Insurance	651	693	771	900	800
	TOTAL	40,496	47,862	60,923	71,000	68,700
OPER	ATING EXPENSES					
5200	Office Supplies	869	618	772	800	800
5201	Computer Supplies	2,080	2,750	3,390	3,200	3,200
5203	Paper, Stationery and Forms	57	201	127	200	200
5205	Safety &Training Materials	40	43	196	100	100
5212	Motor Fuel	0	0	0	900	900
5219	Other Miscellaneous Supplies	1,031	569	21	1,000	1,000
5240	Small Tools	0	0	798	200	200
5241	Small Equipment	2,769	1,298	1,109	3,300	2,400
5303	Engineering Services	63,178	0	3,284	27,500	14,000
5310	Contract Services	0	0	0	3,800	0
5321	Telephone	490	328	650	800	800
5322	Postage	0	0	0	100	100
5331	Training Expenses	848	1,566	1,615	2,800	2,800
5335	Mileage Reimbursement	78	0	514	200	200
5355	Printing and Copying	0	53	163	100	100
5404	Equipment Maintenance Repair	591	391	142	500	500
5409	Fleet Services	0	754	135	1,200	1,200
5418	Vehicle/Equipment Lease	0	619	0	800	800
5433	Dues and Subscriptions	108	481	327	300	300
5435	Books and Pamphlets	134	10	75	100	100
5441	Other Services and Charges	278	942	3,559	1,500	1,500
5486	One Call system	2,467	2,189	2,795	2,500	2,500
	TOTAL	75,018	12,812	19,672	51,900	33,700
1930	TOTAL - ENGINEERING	287,446	258,014	306,915	370,600	333,100

Customer Services

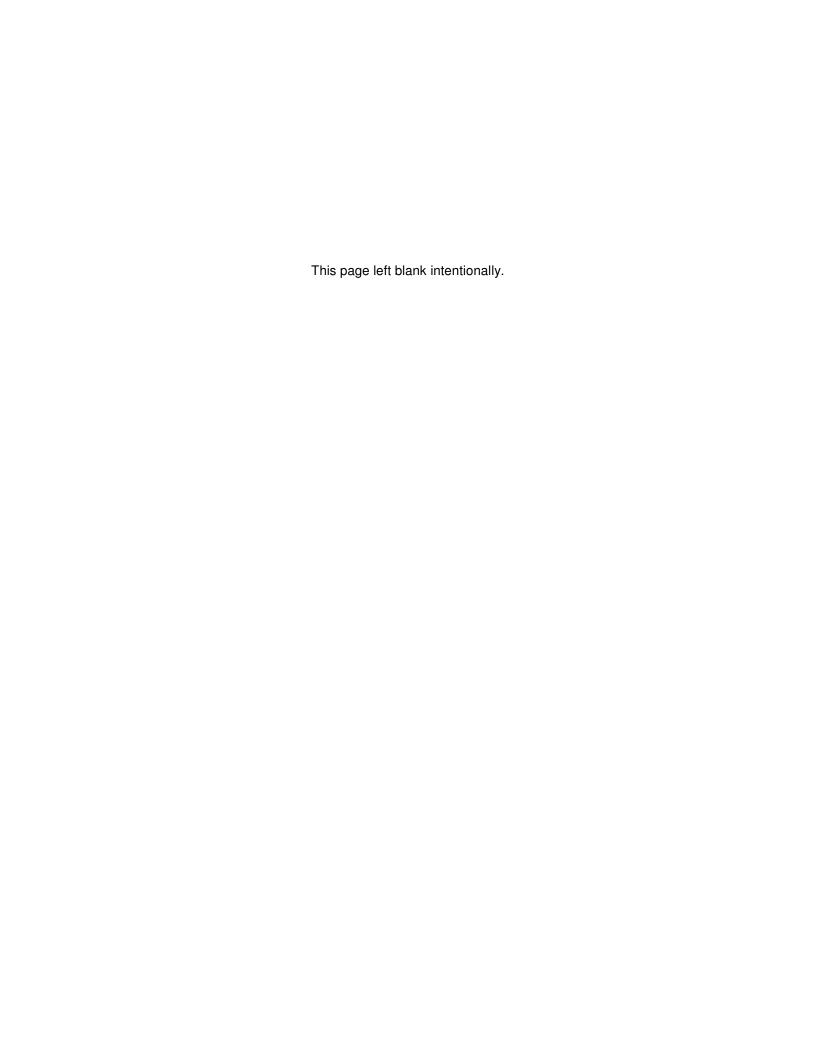
535-500-1940

Customer Accounts provides billing, collection of payments and account services for utility customers.

Expe	nse Detail	2003	2004	2005	2006	2007
		Actual	Actual	Actual	Budget	Budget
PERS	ONAL SERVICES					
5100	Permanent Employees - Regular	60,092	60,733	116,365	66,300	73,000
5101	Permanent Employees - Overtime	715	972	2,959	2,000	2,000
5103	Temporary Employees - Regular	76	0	5,168	0	0
	TOTAL	60,883	61,705	124,492	68,300	75,000
FMPI	OYEE BENEFITS					
5121	P.E.R.A.	3,347	3,322	6,121	4,100	4,700
5122	F.I.C.A. Social Security	3,624	4,521	7,566	4,200	4,700
5123	F.I.C.A. Medicare	846	46	1,789	1,000	1,100
5124	Health Insurance	7,927	8,780	15,989	12,400	14,300
5125	Dental Insurance	420	470	905	700	500
5126	Life Insurance	290	293	481	300	300
	TOTAL	16,454	17,432	32,851	22,700	25,600
OPER	ATING EXPENSES					
5200	Office Supplies	535	832	973	1,000	900
5201	Computer Supplies	152	332	470	400	500
5203	Paper/Stationery	2,699	2,156	2,372	3,000	2,900
5212	Motor Fuels	0	0	0	100	100
5241	Small Equipment	269	363	144	600	600
5321	Telephone	110	114	89	100	100
5322	Postage	11,176	14,153	12,158	16,400	16,400
5331	Training Expense	0	0	0	200	200
5339	Armored Pickup	317	277	0	300	300
5404	Equipment Maintenance & Repair	1,357	842	1,453	1,700	1,700
5409	Fleet Services	0	72	0	100	100
5415	Vehicle/Equipment Rental	152	0	0	1,600	1,600
5418	Vehicle/Equipment Lease	0	1,079	1,509	0	0
5427	Credit Card Commission	748	1,500	2,551	3,500	3,800
5432	Uncollectible Accounts	2,300	(2,313)	6,362	3,000	4,500
5441	Other Services & Charges	383	169	138	200	200
5451	Pay Station	1,030	953	677	400	600
	TOTAL	21,228	20,529	28,896	32,600	34,500
1940	TOTAL - CUSTOMER SERVICES	98,565	99,666	186,239	123,600	135,100

Utility Operations 535-500-1945
Maximizes the efficiency of the stormwater system through inspection, cleaning, preventive maintenance and repairs.

Expe	nse Detail	2003	2004	2005	2006	2007
		Actual	Actual	Actual	Budget	Budget
PERS	ONAL SERVICES					
5100	Permanent Employees - Regular	667,431	796,391	684,835	697,100	683,200
5101	Permanent Employees - Overtime	29,328	96,057	73,283	50,000	60,000
5103	Temporary Employees - Regular	28,600	0	18,352	27,300	18,200
0100	TOTAL	725,359	892,448	776,470	774,400	761,400
		0,000	302,	770, 170	,	701,100
EMPL	OYEE BENEFITS					
5121	P.E.R.A.	38,443	47,521	42,515	44,800	46,500
5122	F.I.C.A. Social Security	43,716	66,241	47,259	46,300	46,100
5123	F.I.C.A. Medicare	10,220	364	11,331	10,800	10,800
5124	Health Insurance	79,680	95,410	87,806	105,300	104,700
5125	Dental Insurance	4,228	5,543	5,350	5,800	4,100
5126	Life Insurance	2,867	3,343	2,788	2,800	2,700
	TOTAL	179,154	218,422	197,049	215,800	214,900
SUPP	LIES					
5200	Office Supplies	4,102	4,970	3,211	4,800	4,800
5205	Safety & Training Materials	13,765	3,087	3,293	3,600	3,600
5210	Plant Operating Supplies	18,266	7,305	14,211	16,200	16,200
5212	Motor Fuels	11,744	16,233	20,184	20,000	20,000
5218	Uniforms	1,938	1,483	2,057	2,700	2,700
5222	Paving Materials	3,333	397	9,223	5,500	5,500
5223	Salt and Sand	14,730	14,580	11,273	20,000	20,000
5227	Utility Maintenance Supplies	56,962	33,978	39,065	60,700	61,700
5240	Small Tools	3,028	4,322	1,221	6,000	6,000
5241	Small Equipment	13,873	8,455	16,229	24,500	20,600
5310	Contract Services	6,362	286	802	2,700	2,700
5321	Telephone	1,189	2,183	2,987	4,000	4,000
5322	Postage	2,326	20	29	700	700
5331	Training Expense	1,230	3,314	4,849	8,600	8,600
5333	Freight and Delivery Charges	144	438	548	500	500
5335	Mileage Reimbursement	7,625	9,774	18,434	8,700	8,900
5355	Printing & Copying	0	6,097	22	11,500	9,500
5382	Water /Sewer/Gas	2,681	3,395	0	8,500	8,500
5384	Refuse Disposal	3,101	4,215	3,309	13,100	15,000
5404	Equipment/Maintenance Repair	4,504	349	4,625	9,000	9,000
5409	Fleet Services	40,924	70,759	106,876	65,000	65,000
5415	Other Rentals	1,177	799	13,074	7,000	7,000
5441	Other Services & Charges	461 8 220	5,451	107	1,500	1,800
5450 5700	Laundry Transfer to Other Funds	8,229	10,623 0	11,004 16,515	8,900	8,900
5700	TOTAL	19,905 241,599	212,513	16,515 303,148	13,000 326,700	135,000 446,200
	-	241,099	212,313	303,140	320,700	44 0,200
1945	TOTAL - UTILITY OPERATIONS	1,146,112	1,323,383	1,276,667	1,316,900	1,422,500



Golf Fund



Golf Fund 503

The Golf Fund is a self supporting enterprise fund which accounts for the operations of Enger Park and Lester Park, the City's two municipal 27 hole golf courses.

The major source of revenue is user fees and in particular through daily admissions, followed by season passes.

Categories of expense include personal services, operating expenses, depreciation, and debt service.

Presented below is a tabular summary of the major categories of revenues and expenses over a five year period.

Estimated Income and	2003	2004	2005	2006	2007
Expense	Actual	Actual	Actual	Budget	Budget
REVENUE					
Operating	1,394,588	1,369,144	1,256,059	1,451,500	1,520,400
Non-Operating	325,323	359,437	443,032	372,600	485,900
_	1,719,911	1,728,581	1,699,091	1,824,100	2,006,300
EXPENSES					
Personal Services	537,104	483,369	434,319	506,200	419,600
Supplies	120,503	90,286	405,895	187,700	429,600
Utilities	70,067	58,919	84,618	76,500	80,000
Other Services & Charges	683,908	809,625	702,847	691,000	691,000
Depreciation	207,184	201,913	211,505	290,000	297,000
Interest Expense	136,426	180,599	5,851	45,600	35,000
	1,755,192	1,824,711	1,845,035	1,797,000	1,952,200
ESTIMATED OPERATING					
INCOME (LOSS)	(35,281)	(96,130)	(145,944)	27,100	54,100

Golf Fund 503

Revenue Detail		2003	2004	2005	2006	2007
		Actual	Actual	Actual	Budget	Budget
4440	Daily Admission	620,953	594,606	545,293	620,000	650,000
4441	Unlimited Season - Golf	236,744	257,349	213,955	516,500	554,200
4441	Family Season	85,186	80,419	72,800		
4441	Restricted Season	91,605	87,739	78,697		
4441	Junior Unlimited	17,535	24,735	20,539		
4441	Junior Season	19,646	21,814	18,884		
4441	College Season	24,558	22,716	19,340		
4441	Junior Unlimited Upgrade	2,930	1,534	1,381		
4442	Motor Cart	235,178	223,285	224,547	255,000	257,500
4443	Driving Range Fees	60,253	54,947	52,266	60,000	50,500
4443	Other Rentals			8,357		8,200
4601	Earnings on Investments	2,312	590	5,137	7,000	7,000
4622	Rent of Buildings	2,100	2,100	360	3,600	2,400
4627	Concessions & Commissions		356,747	442,672	360,000	466,500
4639	Sale of Equipment	(617)			2,000	
4700	Other Sources	173,912				10,000
4730	Transfer from Special Revenue			31,116		
4730	Transfer from General Fund	147,616				
TOTAL	GOLF REVENUE	1,719,911	1,728,581	1,735,344	1,824,100	2,006,300

Budgete	d FTE's	2003	2004	2005	2006	2007
1075	Golf Course Superintendent	2	2	2	2	1
31	Assistant Superintendent	2	2	2	2	2
27	Industrial Equipment Technicia	0	0	1	1	0
24	Garden Maintenance Worker	4	4			
	FUND TOTAL	8	8	5	5	3

Administrative and General

503-400-0500

Accounts for the operating expenses of the two municipal golf courses relative to personnel, benefits, and day-to-day operations.

-	o-day operations.					
Expe	nse Detail	2003	2004	2005	2006	2007
		Actual	Actual	Actual	Budget	Budget
PERS	ONAL SERVICES					
5100	Permanent Employees - Regular	328,742	305,133	247,471	291,700	182,700
5101	Permanent Employees - Overtime	2,308	3,813	1,893	0	2,500
5103	Temporary Employees - Regular	106,459	86,419	109,472	120,000	120,000
	TOTAL	437,509	395,365	358,836	411,700	305,200
FMPI	OYEE BENEFITS					
5121	P.E.R.A.	18,314	16,734	13,456	17,500	11,600
5122	F.I.C.A. Social Security	26,182	29,268	21,499	25,500	18,900
5123	F.I.C.A. Medicare	6,123	78	5,102	6,000	4,400
5131	Health Insurance	38,668	36,320	30,926	39,200	25,300
5132	Dental Insurance	2,123	1,966	1,550	2,200	1,000
5133	Life Insurance	1,547	1,311	918	1,100	600
5134	OPEB	1,047	1,011	310	1,100	50,700
5141	Unemployment Compensation	6,638	2,327	2,032	3,000	1,900
0141	TOTAL	99,595	88,004	75,483	94,500	114,400
		33,333	00,004	73,400	34,500	114,400
	R EXPENDITURES					
5200	Office Supplies	1,688	1,740	0	1,700	1,700
5205	Safety & Training	927	485	391	1,000	1,000
5211	Cleaning & Janitorial Supplies	3,357	4,929	2,007	5,000	3,500
5212	Motor Fuels	0	0	30,814	37,000	32,000
5219	Other Miscellaneous Supplies	14,678	21,213	12,315	18,000	17,000
5220	Repair & Maintenance Supplies	9,027	5,704	17,889	10,400	10,600
5221	Equipment Repair Supplies	3,342	4,431	5,217	10,000	10,000
5225	Park/Landscape Supplies	3,506	2232	1,375	3,600	2,800
5229	Grounds/Sewer Maintenance Supplies	68,883	44,544	92,470	80,000	80,000
5240	Small Tools	1,618	806	85	1,000	1,000
5241	Small Equipment	13,477	4,202	2,334	20,000	15,000
5284	Liquor Purchases					15,000
5285	Food & Beverage for Resale			109,932		110,000
5286	Golf Merchandise for Resale			131,066		130,000
5310	Contract Services	381,457	556,717	268,620	425,000	263,700
5311	Security Service	784	2,809	68	5,000	3,800
5319	Other Professional Service			172,000		180,000
5321	Telephone	2,915	3,813	2,368	3,000	2,000
5331	Travel/Training	1,636	2,846	1,240	2,000	2,000
5335	Mileage - Local	1,875	1,698	1,878	2,000	1,500
5340	Advertising & Promotion	0	1,847	2,000	1,900	3,000
5381	Electricity	20,385	21,211	21,093	24,000	24,000
5382	Water & Sewer (& Gas)	39,253	27,685	51,916	42,000	42,000
5384	Refuse Disposal	4,145	4,454	4,535	4,500	5,000
5385	Oil	6,285	5,570	7,074	6,000	9,000
5404	Equipment Repair & Maintenance	2,128	4,398	4,442	7,000	4,500
5409	Fleet Service Charges	86,665	29,664	2,184	0	7,000
5415	Equipment Rental	116,639	125,356	135,868	150,000	150,000
5419	Other Rental	5,270	4,893	4,474	6,200	6,200
5427	Credit Card Commissions	0	16,549	16,742	1,800	2,000
5441	Other Services & Charges	30,086	9,565	43,474	21,900	15,100
5450	Laundry	2,741	3,078	2,897	3,500	3,500
5493	Cost Allocation Charges	41,604	43,904	43,900	45,700	45,700
5530	Other Improvements	8,607	2,488	692	16,000	1,000
	TOTAL	872,978	958,831	1,193,360	955,200	1,200,600
0500					•	
0500	TOTAL - ADMINISTRATIVE & GEN	1,410,082	1,442,200	1,627,679	1,461,400	1,620,200
			194			

Capital 503-400-0505

Represents the expenses related to capital improvements and equipment for the two municipal golf courses.

Expen	se Detail	2003	2004	2005	2006	2007
		Actual	Actual	Actual	Budget	Budget
5580	Capital Equipment	17,800	0	0	20,000	35,000
0505	TOTAL-CAPITAL	17,800	0	0	20,000	35,000

Debt Service 503-400-0525

Represents amounts required for bond amortization and bond interest payments on outstanding bonds and other debt.

Expe	nse Detail	2003	2004	2005	2006	2007
		Actual	Actual	Actual	Budget	Budget
EC01	Dond Dringing	165.000	275 000		100.000	105.000
5601	Bond Principal	165,000	275,000		120,000	125,000
5604	Capital Lease Principal	44,615			160,200	93,000
5611	Bond Interest	104,225	85,890	60,578	29,200	26,000
5614	Bond Amortization	27,577	89,198			
5615	Capital Lease Interest	4,624	5,511	2,499	16,400	9,000
5620	Fiscal Agents Fees	1,500		5,851	1,500	1,500
0525	TOTAL-DEBT SERVICE	347,541	455,599	68,928	327,300	254,500

Depreciation 503-400-0535

Represents the decline in value of buildings and equipment due to wear and tear from normal use and obsolescence. A percentage of these costs are recovered annually.

Expense Detail	2003 Actual	2004 Actual	2005 Actual	2006 Budget	2007 Budget
5420 Depreciation	207,184	201,913	211,505	290,000	297,000
0535 TOTAL - DEPRECIATION	207,184	201,913	211,505	290,000	297,000

Internal Service Funds

Internal Service Funds

Funds Self Insurance – Workers Comp Self Insurance – Liability Medical Health Fund Dental Health Fund Fleet Services

Internal Service funds account for financing of goods or services provided by one department to other departments of the City, or to other governmental units, on a cost reimbursement basis.

	2003 Actual	2004 Actual	2005 Actual	2006 Budget	2007 Budget
FUND BALANCE - JANUARY 1	1,058,028	2,708,591	4,242,030	4,573,884	5,170,684
REVENUES					
Participation from Other Funds	12,739,311	14,054,838	14,732,104	16,183,100	17,804,500
Charges for Services	2,685,897	2,953,473	3,057,961	3,113,000	3,410,000
Miscellaneous	3,818,976	4,051,720	2,955,690	2,795,000	2,828,100
TOTAL REVENUES	19,244,184	21,060,031	20,745,755	22,091,100	24,042,600
EXPENSES					
Personal Services	1,811,343	1,808,247	1,865,263	1,938,500	1,903,000
Other Expenditures	1,881,127	2,075,625	2,465,551	2,062,700	2,408,800
Claims	13,901,151	15,642,720	16,083,087	17,418,100	18,335,800
Capital Outlay	0	0	0	75,000	0
Transfers					1,500,000
TOTAL EXPENSES	17,593,621	19,526,592	20,413,901	21,494,300	24,147,600
FUND BALANCE - DECEMBER 31	2,708,591	4,242,030	4,573,884	5,170,684	5,065,684

605

Self Insurance – Worker's CompensationAccounts for the payment of sundry insurance premiums and loss control activities, as well as the settlement of various claims, judgments and lawsuits against the City of Duluth.

	2003 Actual	2004 Actual	2005 Actual	2006 Budget	2007 Budget
FUND BALANCE - JANUARY 1	(37,845)	(222,122)	(352,256)	(703,687)	(703,687)
REVENUES					
Transfer from City Funds:					
General	500,000	900,000	600,000	600,000	600,000
Public Utility	175,740	175,000	255,000	285,000	373,900
Spirit Mountain	48,306	56,122	55,660	50,000	64,600
Duluth Airport	34,400	52,462	171,495	300,000	325,500
Other Reimbursements	27,516	79,587	216,800	50,000	2,800
TOTAL REVENUES	785,962	1,263,171	1,298,955	1,285,000	1,366,800
EXPENSES					
Personal Services Claims:	205,983	217,966	207,225	230,000	260,000
Worker's Compensation	623,868	1,063,344	974,857	930,000	1,003,800
Liability	140,388				
Other Services and Charges		111,995	468,304	125,000	103,000
TOTAL EXPENSES	970,239	1,393,305	1,650,386	1,285,000	1,366,800
FUND BALANCE - DECEMBER 31	(222,122)	(352,256)	(703,687)	(703,687)	(703,687)

Self Insurance – Liabilities

610

Accounts for the payment of sundry insurance premiums and loss control activities, as well as the settlement of various claims, judgments and lawsuits against the City of Duluth.

	2003 Actual	2004 Actual	2005 Actual	2006 Budget	2007 Budget
FUND BALANCE - JANUARY 1	(1,039,594)	(554,305)	(577,714)	(550,024)	(550,024)
REVENUES					
Transfer from City Funds:					
General	800,000	600,000	600,000	700,000	700,000
Public Utility	390,660	325,000	398,500	407,000	493,300
Duluth Steam	652	750	780	1,000	2,700
Spirit Mountain	20,862	20,862	22,163	23,500	22,200
Duluth Airport			59	100	100
DEDA	6,500	6,500	6,500	6,500	6,500
Other Reimbursements	506,849	778,607	36,050		
TOTAL REVENUES	1,725,523	1,731,719	1,064,052	1,138,100	1,224,800
EXPENSES					
Personal Services	140,904	148,632	152,574	150,000	149,000
Claims: Liability	613,969	1,370,989	713,563	788,100	578,200
Other Services and Charges	485,361	235,507	170,225	200,000	134,100
TOTAL EXPENSES	1,240,234	1,755,128	1,036,362	1,138,100	861,300
FUND BALANCE - DECEMBER 31	(554,305)	(577,714)	(550,024)	(550,024)	(186,524)

Medical Health Fund

630

Accounts for collection of premiums and the payment of health care costs for current and retired employees of the City and other authorities or outside agencies. A labor/management committee representing all bargaining units and the City's administration are contractually obligated to decide fundamental issues concerning the financing of this fund. Deficits projected in any year must be incorporated into subsequent rate calculations to ensure the financial integrity of the fund.

	2003 Actual	2004 Actual	2005 Actual	2006 Budget	2007 Budget
FUND BALANCE - JANUARY 1	2,030,642	3,331,733	4,956,005	5,609,491	6,171,291
REVENUES					
Transfer from City Funds	10,488,752	11,615,806	12,297,655	13,450,000	14,940,700
Sub-Groups	1,264,813	1,395,114	1,367,533	1,515,000	1,570,000
Miscellaneous	1,793,071	1,561,196	1,096,349	935,000	954,300
TOTAL REVENUES	13,546,636	14,572,116	14,761,537	15,900,000	17,465,000
EXPENSES					
Personal Services	154,704	163,204	163,200	163,200	163,200
Claims	12,055,017	12,703,503	13,910,568	15,125,000	16,224,800
Other Services and Charges	35,824	81,137	34,283	50,000	50,000
Transfer to OPEB Fund					1,500,000
TOTAL EXPENSES	12,245,545	12,947,844	14,108,051	15,338,200	17,938,000
FUND BALANCE - DECEMBER 31	3,331,733	4,956,005	5,609,491	6,171,291	5,698,291

Dental Health Fund

633

To account for the collection of premiums and the payment of dental costs for employees of the City of Duluth and various outside agencies.

	2003 Actual	2004 Actual	2005 Actual	2006 Budget	2007 Budget
FUND BALANCE - JANUARY 1	80,181	112,438	147,106	184,142	217,142
REVENUES					
Transfer from City Funds	273,439	302,336	324,292	360,000	275,000
Sub-Groups	48,339	41,355	41,288	50,000	46,000
Miscellaneous	178,388	195,861	197,670	245,000	255,000
TOTAL REVENUES	500,166	539,552	563,250	655,000	576,000
EXPENSES					
Claims	467,909	504,884	484,099	575,000	529,000
Other Services and Charges	•	•	42,115	47,000	44,000
TOTAL EXPENSES	467,909	504,884	526,214	622,000	573,000
FUND BALANCE - DECEMBER 31	112,438	147,106	184,142	217,142	220,142

Fleet Services 660

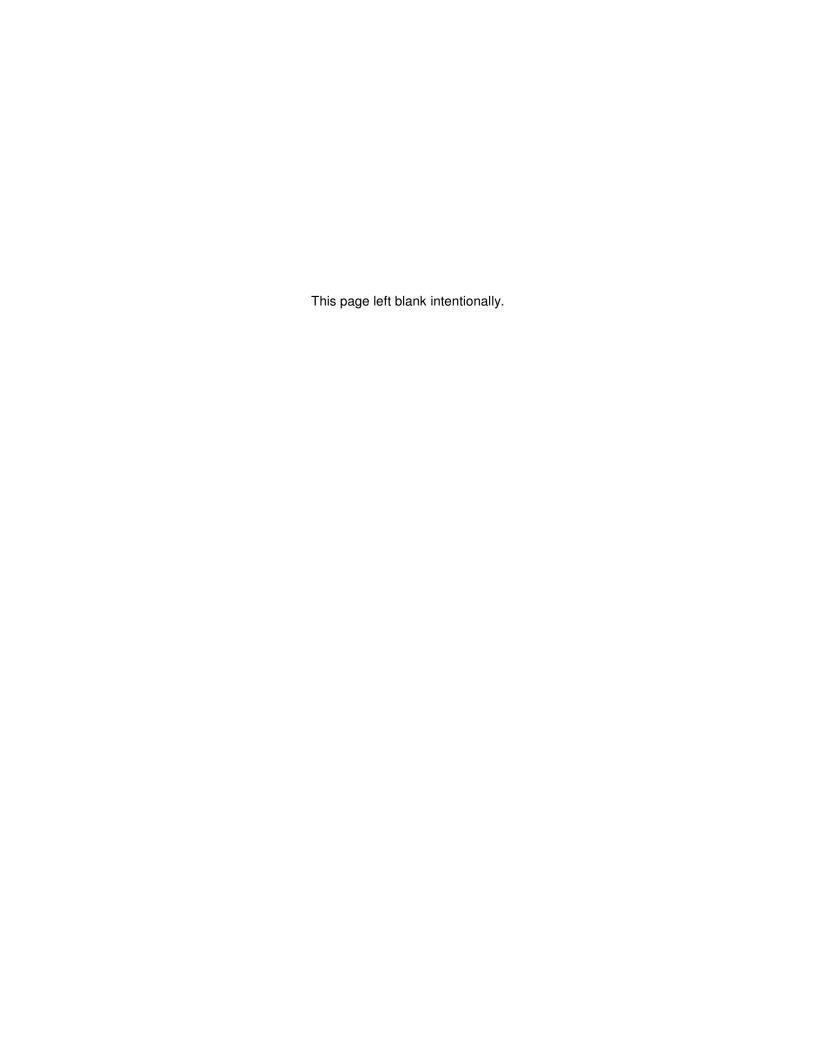
This internal service fund accounts for the cost to repair and maintain all vehicles and various equipment for operating departments within the general fund and the enterprise funds.

	2003	2004	2005	2006	2007
	Actual	Actual	Actual	Budget	Budget
FUND BALANCE - JANUARY 1	24,644	40,847	68,889	33,962	35,962
REVENUES					
Fleet Services					
General Fund	1,895,064	2,175,238	2,185,530	2,217,000	2,455,000
Golf Fund	86,665	29,664	32,998	0	35,000
Water and Gas	418,904	467,074	522,073	511,000	565,000
Sewer	221,191	184,540	181,535	245,000	210,000
Stormwater	52,668	87,818	127,195	108,000	135,000
Steam	2,042	1,740	0	2,000	(
Other	9,363	7,399	8,630	30,000	10,000
TOTAL REVENUES	2,685,897	2,953,473	3,057,961	3,113,000	3,410,000
EXPENSES					
Personal Services	1,042,345	1,006,331	1,045,214	1,084,400	1,021,000
Benefits	267,407	272,114	297,050	310,900	309,800
Other Expenses	1,359,942	1,646,986	1,750,624	1,640,700	2,077,700
Capital Outlay	0	0	0	75,000	(
TOTAL EXPENSES	2,669,694	2,925,431	3,092,888	3,111,000	3,408,500
FUND BALANCE - DECEMBER 31	40,847	68,889	33,962	35,962	37,462

BUDG	ETED FTE'S	2003	2004	2005	2006	2007
1115	Fleet Manager	1	1	1	1	1
1085	Vehicle Center Supervisor	1	1	1	1	0
1050	Mgr, Maintenance & Supply	1	1	1	1	1
131	Loss Control Specialist	1	1	1		
32	Fleet Services Leadworker	3	3	3	3	2
28	Head Mechanic	1	1	1		
28	Mechanic	5	5	3	6	4
28	Welder	2	2	2	2	2
27	Storekeeper	1	1	1	1	1
27	Industrial Equipment Technicia	2	2	3	1	1
25	Equipment Maintenance Spec	2	2	2	2	6
24	Assistant Storekeeper	1	1	1	1	2
22	Maintenance Worker	1	1	1	1	0
	Division Total	22	22	21	20	20

Fleet Services 660-015

EXPENSE DETAIL		2003 Actual	2004 Actual	2005 Actual	2006 Budget	2007 Budget
		7101001	7,0,00	7100001		Zuugu
PERS	ONAL SERVICES					
5100	Permanent Employees - Regular	1,037,940	1,001,117	1,028,555	1,076,900	1,013,500
5101	Permanent Employees - Overtime	4,405	5,214	16,659	7,500	7,500
5103	Temporary Employees - Regular _	0	0	0	0	0
	TOTAL	1,042,345	1,006,331	1,045,214	1,084,400	1,021,000
5121	P.E.R.A.	56,794	54,508	56,922	65,100	63,800
5122	F.I.C.A. Social Security	62,120	73,947	62,764	67,200	63,300
5123	F.I.C.A. Medicare	14,528	385	14,986	15,700	14,800
5131	Health Insurance	122,966	131,488	150,059	150,000	156,600
5132	Dental Insurance	6,075	7,002	7,657	8,700	7,000
5133	Life Insurance	4,655	4,784	4,662	4,200	4,300
5141	Unemployment Compensation _	269	0	0	0	0
	TOTAL	267,407	272,114	297,050	310,900	309,800
OTHE	R EXPENDITURES					
5200	Office Supplies	4,750	3,575	3,555	5,000	5,000
5201	Computer Supplies/Software	6,015	7,912	1,896	2,500	2,500
5205	Safety & Training Materials	1,556	4,613	1,583	1,000	3,000
5210	Plant/Operating Supplies	20,146	22,633	25,834	30,000	30,000
5212	Motor Fuel	487,813	592,250	741,089	625,000	1,000,000
5219	Other Miscellaneous Supplies	1,111	6,308	5,526	3,000	3,000
5221	Equipment Repair Supplies	518,522	632,799	616,356	625,000	650,000
5240	Small Tools	1,886	5,297	6,986	2,500	5,000
5241	Small Equipment	6,980	7,688	8,705	6,000	7,000
5319	Other Professional Services	2,069	101	285	1,000	1,000
5321	Telephone	3,913	3,754	5,069	5,000	5,000
5334	Training Expense	3,298	710	1,929	3,500	3,500
5335	Mileage Reimbursement	12,953	11,890	11,476	11,000	11,000
5381	Electricity	11,577	12,078	12,111	12,000	12,000
5382	Water, Gas and Sewer	12,567	13,694	19,297	13,500	20,000
5384	Refuse Disposal	784	823	829	1,000	1,000
5401	Building Structure Repair	14,928	0	4,001	1,000	1,000
5404	Equipment Repair & Maintenance	69,180	152,661	114,312	100,000	125,000
5408	Vehicle Maintenance Repair	132	84	0	500	500
5412	Building Rental	9,958	9,838	3,060	10,000	10,000
5418	Vehicle/Equipment Lease	2,036	2,411	2,177		
5419	Other Rental	25,991	3,330	19,919	1,500	1,500
5420	Depreciation	31,198	31,198	31,815	30,000	30,000
5438	Licenses	3,159	6,039	2,093	6,000	6,000
5441	Other Services and Charges	22,991	30,187	26,641	25,000	25,000
5450	Laundry	10,098	9,214	9,036	12,000	12,000
5493	Cost Allocation Charges	57,204	60,304	60,300	60,300	60,300
5604	Capital Lease Principle	47.407	45 505	44744	33,100	33,100
5615	Capital Lease Interest	17,127	15,595	14,744	14,300	14,300
5580	Capital Equipment	1.050.040	1.040.000	1 750 004	75,000	0 077 700
	TOTAL	1,359,942	1,646,986	1,750,624	1,715,700	2,077,700
	TOTAL EXPENSES	2,669,694	2,925,431	3,092,888	3,111,000	3,408,500



Appendix

DISCLAIMER

06-054-O (AS AMENDED) (AS VETOED)

ORDINANCE NO. 9810

AN ORDINANCE SETTING THE BUDGET FOR THE FISCAL YEAR 2007 APPROPRIATION MONIES FOR THE SUPPORT OF THE CITY GOVERNMENT, PUBLIC UTILITIES, AND PUBLIC ENTERPRISE FUNDS AND FOR OTHER PURPOSES.

BY COUNCILOR STEWART:

The city of Duluth does ordain:

Section 1. That in accordance with Section 58 of the 1912 Home Rule Charter of the city of Duluth, and all amendments thereof and laws supplementary thereto, and for the fiscal year beginning January 1 and ending December 31, 2007, the city council hereby budgets, determines and states the amount of money required to meet the principal and interest of maturing obligations comprising the outstanding indebtedness of such city; the amounts of money necessary to be provided for each such fund and each department of such city; and estimates the amount of income from all other sources and revenues, exclusive of taxes upon property, together with the probable amount required to be levied and raised by taxation to defray all expenses and obligations of such city during such fiscal year.

That the monies as so budgeted and hereinafter set forth shall be paid upon the presentation of properly verified vouchers bearing thereon the budget distribution for which such expenditures are to be charged in accordance with the detailed classification of accounts and the explanatory information of such as set forth in ordinance in effect governing same, excepting, however, payments for interest and sinking funds, which shall be paid in the manner set forth in Section 53 of the City Charter.

That any monies received by the several city departments as reimbursement for damages or repairs to city property or work done for others and not anticipated in the original budget may be credited to and added to the appropriate budget item upon approval by the administrative assistant or his designee.

That use of general fund balance that has been designated for a specific purpose in a prior year, must be approved by the city council if used for a purpose other than what has been specified.

That grants which have been approved by the appropriate state or federal agency and accepted by resolution of the city council may be added to the respective budget items upon approval of the finance director.

Section 2. That the finance director be authorized to approve the payments of \$3,942,400 from the gas and steam public utility funds to the general fund for administrative services; comprised of \$3,852,400 or seven percent of the gross revenues of the gas utility fund to the general fund; and \$90,000 from public utility steam fund to the general fund.

Section 3. That the mayor or the administrative assistant or his designees may make transfers from budget item to budget item as may be considered necessary for the proper administration of the city government for the year. However, the total of any transfers to or from any budget item in excess of ten percent of the appropriation therefore as herein made shall be made only upon approval of the city council. For the purpose of the Section, the term budget item shall mean the amount appropriated to the various funds delineated as fixed charges in the budget summary, the accounts numbered 010 through the 700 series shall each be considered budget items within the general fund, as defined in Chapter 8, Section 54 of the City Charter, and the accounts numbered 510 in the water division, 520 in the gas division, 530 in the sewer division, 535 in the stormwater division, 540 in the steam division and 503 in the golf division.

Section 4. That the salaries shall be in accordance with the pay plan in effect as provided by Section 22 of the City Charter, as amended.

Section 5. That the city auditor may create or abolish an accounting fund when required by law or proper accounting procedures.

Section 6. That the finance director, or his designee, be authorized to make temporary loans to and from the city's various funds as needed in the conduction of the day-to-day operations of the city.

Section 7. That the appropriations as set forth in this section constitutes the budget of the city of Duluth for the calendar year of 2007.

010 - LEGISLATIVE AND EXECUTIVE				
1101	City council - total	\$ 148,500		
1102	Mayor's office - total	262,400		
1103	Administrative assistant	386,700		
1104	Attorney's office - total	1,370,800		
1105	Human rights office - total	153,000		
	Total legislative and executive	\$2,321,400		

015 - ADMINISTRATIVE SERVICES		
1510	Human resources - total	\$ 655,900
1512	City clerk - total	546,200
1514	Management information systems - total	1,540,300
1515	Facilities management - total	4,580,300
1516	Architect's office	209,500
	Total administrative services	\$7,532,200

020 - PLANNING AND DEVELOPMENT DEPARTMENT		
	Urban development - total	\$590,400
	Total planning department	\$590,400

030 - FINANCE		
1321	Finance administration - total	\$318,400
1322	City assessor's office - total	803,000
1324	City auditor's office - total	1,133,800
1325	Purchasing office - total	235,000
1327	City treasurer's office - total	393,800
	Total finance and records	\$2,884,000

100 - FIRE DEPARTMENT		
1501	Fire administration - total	\$444,700
1502	Firefighting operations - total	13,848,700
1503	Fire prevention and training - total	392,600
1504	Building safety - total	1,857,800
	Total fire department	\$16,543,800

200 - POLICE DEPARTMENT		
1610	Police administration - total	\$2,053,600
1620	Police patrol division - total	10,973,200

1630	Police investigation - total	3,082,000
	Total police department	\$16,108,800

300 - LIBRARY		
1702	Library services - total	\$3,912,100
1703	Buildings and equipment - total	247,800
	Total library	\$4,159,900

400 - PARKS AND RECREATION		
1812	Recreation and senior services - total	\$1,566,300
1814	Zoo - total	1,088,300
	Total parks and recreation	\$2,654,600

500 - PUBLIC WORKS		
1900	Director's office - total	\$45,400
1920	Maintenance - total	7,175,700
1930	Transportation engineering services - total	2,369,300
	Total public works	\$9,590,400

700 - TRANSFERS AND OTHER FUNCTIONS	
Total transfers and other functions	\$16,753,200 <u>\$16,153,200</u>

	PUBLIC ENTERPRISE	
503	Golf fund - total	\$2,206,700

PUBLIC UTILITIES		
510	Water fund - total	\$15,057,400
520	Gas fund - total	57,172,800
530	Sewer fund - total	19,875,700
535	Stormwater fund - total	4,210,600

540	Steam fund - total	4,950,600

Section 8. That the administrative assistant or his designee shall provide the council with a final budget report within three months of the end of the budget year setting forth the original approved and the modified budgets for each line item included in this ordinance and explaining in narrative form the reasons for any significant differences between the original approved and the modified budgets.

Section 9. That the city will review all state and federal grants prior to acceptance to determine the program's funding status. A statement should be included on each grant resolution outlining items such as whether the grant represents a one time revenue, an ongoing funding source, or a partial funding source with a local match required. The future fiscal impact of the program on the budget will be discussed prior to acceptance of the grant.

The programs funded by state and federal grants shall be reduced or eliminated accordingly if state or federal revenues are reduced or eliminated and another funding source is not secure. Local funding will be available after a full review to determine whether the program should be continued.

Section 10. Any amendments to the capital improvement plan, including capital improvements and capital equipment for 2007 as presented to the council on November 9, 2006, capital improvement budget and five year plan 2007-2011, using bonding, current revenue or community investment trust monies will require council approval after public hearing.

Section 11. That this ordinance shall take effect January 1, 2007.

STATEMENT OF PURPOSE: This ordinance establishes the city of Duluth budget and appropriates monies for the operation of city departments. Provisions of this ordinance are in conformance with the Duluth City Charter and Minnesota state law. The ordinance sets the 2007 budget for the city's general fund, the five utility funds of water, gas, sewer, stormwater, and steam, and the golf fund. The budgets as proposed in this ordinance are the same as in the original budget as presented to the city council in September, with the exception of the general fund.

The budget for the general fund of \$78,001,700 as originally presented, was increased by council action for the purpose of funding three additional firefighters and three additional police officers, in the amount of \$384,000; as well as an additional \$600,000 for the purpose of funding other post employment benefits, OPEB. Since that time, the administration has agreed to fund the Human Rights Office in the amount of \$153,000 which is offset by an anticipated grant from the federal government in the amount of \$115,000 and an additional \$38,000 in general fund revenue. All of these changes have set the 2007 general fund budget at \$79,138,700.

06-055-O (AS VETOED)

ORDINANCE NO. 9811

AN ORDINANCE DETERMINING THE SUM TO BE RAISED BY TAXATION FOR GENERAL PURPOSES FOR THE YEAR 2007.

BY COUNCILOR STEWART:

The city of Duluth does ordain:

Section 1. The sum to be raised by taxation for the year 2007 for general operations is hereby determined to be the sum of \$12,808,400 \$12,208,400 which sum is levied against the taxable property of the city of Duluth and appropriated to the various accounts of the city, as set forth in the following sections, viz:

Section 2. There will be levied for the support of the general fund the sum of \$7,786,300 \$7,186,300.

Section 3. For the pay of debt, there will be levied for the general obligation debt fund the sum of \$4,342,200.

Section 4. For the pay of debt for the Duluth transit bonds, there will be levied the sum of \$157,800.

Section 5. That pursuant to laws of Minnesota 1971, Chapter 824, to pay for the portion of the cost of local improvements which will not sustain a special assessment, there will be levied for the permanent improvement fund the sum of \$522,100.

Section 6. That this ordinance shall take effect January 1, 2007.

STATEMENT OF PURPOSE: This ordinance sets the 2007 levy at the same level that was approved by the Duluth City Council at the September 11, 2006, meeting. The levy proposed in this ordinance of \$12,808,400 \$12,208,400 is 15.27 percent higher than the 2006 levy and reflects an overall increase of \$1,706,300 \$1,106,300. The breakdown of the increase is an increase of \$384,000 to fund six additional public safety officers, offset by a decrease of \$337,200 for general operations; an increase of \$600,000 **[vetoed]** for the purposes of funding other post employment benefits - OPEB, and an increase of \$222,300 for support to the neighborhood street improvement program; debt service will increase \$810,100; the permanent improvement fund levy will increase \$27,100; and the Duluth Transit Authority debt service will remain flat.

The two changes shown are the veto of the item of expenditure of \$600,000 to be set aside for OPEB, as explained in the statement of purpose, and the approval of other items of expenditures for which this ordinance sets aside money.

This ordinance, as vetoed and approved, is being returned to the clerk, as provided for in the Charter, Section 12. The reasons for the veto of the particular \$600,000 item are explained in the memo attached to the hard copy of this ordinance.

06-056-O

ORDINANCE NO.	

AN ORDINANCE DETERMINING THE SUM TO BE RAISED BY TAXATION FOR THE SPECIAL TAXING DISTRICT, DULUTH TRANSIT AUTHORITY, FOR THE YEAR 2007.

BY COUNCILOR STEWART:

The city of Duluth does ordain:

Section 1. The sum to be raised by taxation for the year 2007 for Duluth transit authority taxing district's operations is hereby determined to be the sum of \$1,316,900 which sum is levied against the taxable property of the city of Duluth and appropriated to the various accounts as set forth in the following sections, viz:

Section 2. That pursuant to Minnesota Statutes, Section 458A.31, Subd.1, there will be levied for transit operations the sum of \$1,316,900.

Section 3. That this ordinance shall take effect January 1, 2007.

STATEMENT OF PURPOSE: This ordinance sets the proposed property tax levy for the year 2007 for the special taxing district, Duluth transit authority (DTA). Although the transit authority is a special taxing district per Minnesota Statute 275.066, the city is obligated through council resolution to levy on their behalf.

The full levy allowable by law in Minnesota State Statute 458A.31 of .07253 percent of market value for 2007 is \$3,729,100 offset by the amount of debt service on transit bonds in the amount of \$157,800 for a total possible levy request of \$3,571,300. The DTA, in reviewing their needs for 2007, however, is opting not to request the full levy available. Instead, the DTA is requesting \$1,316,900, the same as in 2005 and 2006.

06-057-O

AN ORDINANCE DETERMINING THE SUM TO BE RAISED BY TAXATION FOR THE SPECIAL TAXING DISTRICT, DULUTH SEAWAY PORT AUTHORITY, FOR THE YEAR 2007.

BY COUNCILOR STEWART:

The city of Duluth does ordain:

Section 1. The sum to be raised by taxation for the year 2007 for Duluth Seaway Port authority taxing district's operations is hereby determined to be the sum of \$932,200 which sum is levied against the taxable property of the city of Duluth and appropriated to the various accounts as set forth in the following sections, viz:

Section 2. That pursuant to Minnesota Statutes, Section 458.15, there will be levied for the purpose of providing the Duluth Seaway Port authority special taxing district the sum of \$932,200.

Section 3. That this ordinance shall take effect January 1, 2007.

STATEMENT OF PURPOSE: This ordinance sets the property tax levy for the year 2007 for the Duluth Seaway Port authority. Although the Seaway Port authority is a "special taxing district" per Minnesota Statute 275.066, the city is obligated to levy on their behalf though council resolution.

The proposed levy will increase, at the request of the authority, \$156,800 or 20.2 percent over 2006. The amount requested for 2007 is based on the full levy allowed by law of .01813 percent of market value.

06-0809R

RESOLUTION APPROVING THE FISCAL YEAR JANUARY 1, 2007, TO DECEMBER 31, 2007, OPERATION BUDGET OF THE DULUTH TRANSIT AUTHORITY.

BY COUNCILOR STEWART:

RESOLVED, that the operation budget for the fiscal year January 1, 2007, to December 31, 2007, in the amount of \$11,412,057 for the Duluth transit authority is hereby approved.

FURTHER RESOLVED, that the authority included in the resolution shall submit to the city council its proposed budget in a prescribed format on or before November 15 of each year.

STATEMENT OF PURPOSE: This resolution adopts the 2007 operating budget for the Duluth transit authority (DTA). The finance committee reviewed the Duluth transit authority budget at its November 13, 2006 meeting. The 2007 budget represents an increase of \$636,953 or 5.91 percent over the 2006 budget.

06-0810R

RESOLUTION APPROVING THE FISCAL YEAR JANUARY 1, 2007, TO DECEMBER 31, 2007, OPERATION BUDGET OF THE DULUTH AIRPORT AUTHORITY.

BY COUNCILOR STEWART:

RESOLVED, that the operation budget for the fiscal year January 1, 2007, to December 31, 2007, in the amount of \$3,377,000 for the Duluth airport authority is hereby approved.

FURTHER RESOLVED, that the authority included in the resolution shall submit to the city council its proposed budget in a prescribed format on or before November 15 of each year.

STATEMENT OF PURPOSE: This resolution adopts the 2007 operating budget for the Duluth airport authority. The finance committee reviewed the Duluth airport authority budget at its November 13, 2006, meeting. The 2007 budget represents an increase of \$234,770 or 7.47 percent over the 2006 budget.

06-0811R

RESOLUTION APPROVING THE FISCAL YEAR JANUARY 1, 2007, TO DECEMBER 31, 2007, OPERATION BUDGET OF THE DULUTH STEAM DISTRICT NO. 2.

BY COUNCILOR STEWART:

RESOLVED, that the operation budget for the fiscal year January 1, 2007, to December 31, 2007, for

Duluth Steam District No. 2 in the amount of \$8,383,855 is hereby approved.

STATEMENT OF PURPOSE: This resolution adopts the 2007 operating budget for Duluth Steam District No. 2. The finance committee reviewed the Duluth District Steam No.2 budget at its November 6, 2006 meeting. The 2007 budget represents an increase of \$456,507 or 5.8 percent over the 2006 budget.

06-0812R

RESOLUTION ALLOCATING \$120,000 TO THE CAPITAL IMPROVEMENTS FUND AND DISTRIBUTING THE ESTIMATED 2007 TOURISM TAXES OF HOTEL-MOTEL AND FOOD AND BEVERAGE.

BY COUNCILOR STEWART:

WHEREAS, there is available fund balance in the tourism tax fund of the city of Duluth; and

WHEREAS, the city desires to repair the tiger observation deck at the zoo;

NOW, THEREFORE, BE IT RESOLVED, that \$120,000 be allocated to the Capital Improvement fund; this source coming from the reserve for capital improvements fund balance in the tourism tax fund.

FURTHER RESOLVED, that the 2007 tourism taxes of hotel-motel and food and beverage, as estimated, be distributed in the following manner:

	3% Hotel-Motel	1% Hotel-Motel	1.5% Food and Beverage	Additional 2.5% Hotel-Motel	TOTAL
Duluth public arts commission			\$29,000	\$10,000	\$39,000
Sister cities			\$48,000	\$12,000	\$60,000
DECC	\$917,000				\$917,000
Visit Duluth	\$493,800	\$164,200	\$571,500	\$151,100	\$1,380,600
Historical Union Depot		\$88,200	\$57,600	\$14,200	\$160,000
Donations			\$50,000		\$50,000
To general fund	\$74,200	\$241,600	\$591,100	\$167,100	\$1,074,000
Spirit Mountain debt service			\$225,000		\$225,000
To debt service			\$905,800	\$681,600	\$1,587,400
Great Lakes Aquarium			\$100,000	\$100,000	\$200,000
TOTALS	\$1,485,000	\$494,000	\$2,578,000	\$1,136,000	\$5,693,000

STATEMENT OF PURPOSE: This resolution:

The allocation to the DECC is increasing \$100,700 due to the increase of projected revenue and based on state law requiring the city to allocate 61.75 percent of the three percent hotel-motel tax.

The Visit Duluth (formerly Duluth Convention and Visitors Bureau) allocation will also increase per the allocation method approved in the latest contract between the agency and the city. The increase for 2007 is \$99,200 over 2006.

⁽a) Authorizes \$120,000 to the capital improvement fund from the reserve for capital projects for repairs to the tiger observation deck at the zoo;

⁽b) Distributes the 2007 estimated tourism taxes to various agencies as determined by Minnesota state statutes or city policy. Revenue is projected to increase 7.3 percent, or \$385,300 over the 2006 budget due to local trends. The projected increase translates into increased budgets for the Historical Union Depot, public arts commission, sister cities, the general fund and debt service.

CITY OF DULUTH, MINNESOTA

Listing of City Officials

	Listing	of Oily Office	Jiais					
ELECTED OFFICIALS			Terms of Of	fice				
Marra		From		То				
Mayor Herbert W. Bergso	n	January 20	004	January 2008				
Councilors at Large Roger J. Reinert Timothy A. Little Donald Ness James D. Stauber		January 20 January 20 January 20 January 20	004 000	January 2010 January 2008 January 2008 January 2010				
District Councilors 1 Laurie John 2 Greg C. Gilk 3 Russell R. S 4 Garry D. Kra 5 Russell W. S	oert Stewart ause	January 20 January 19 January 20 January 20 January 20	998 000 006	January 2008 January 2010 January 2008 January 2010 January 2008				
APPOINTED OFFICIALS								
Administrative Assistant John Hall City Attorney Bryan F. Brown		Airport Au Duluth Ent	ertainment Intion Center Ithority	Brian D. Ryks Daniel J. Russell Dennis E. Jensen Renee Mattson				
City Department Heads				Charter Positions				
Finance Fire Libraries Parks & Recreation Planning & Develop Police	Genevieve A John R. Stro Elizabeth A. Carl R. Seel Robert J. Br Gordon Ran	ongitharm Kelly nus uce	Assessor Auditor Clerk Treasurer	John Gellatly Wayne W. Parson Jeffrey J. Cox Larry A. Jeneson				

James Benning

Public Works and

Utilities

Mayor Herb W. Bergson's State of the City Address January 8, 2007

Good evening. Thank you for your kind welcome. I stand before you tonight for the fourth time to give an account of the state of our city. For the last year, a great deal of attention has been focused on one particular aspect of city government – the labor negotiations currently underway with city labor unions. That's an important story, and the situation has been well chronicled. That's far from the only thing that matters to a growing and healthy city. Yes, it's important and I'll be speaking about it tonight, but there's more to Duluth than labor negotiations and health care problems. Through the length of my term we have addressed issues vital to our community and solved many of them. Others remain to be fixed. We've spent a great deal of time dealing with the retiree health care obligation we face, and we've spent a lot of time dealing with the financial aspects of that problem. We have no greater priority as a city. It has been well documented that we are working very hard on this issue. I have already met with our new State Auditor, Rebecca Otto, and Minnesota's Legislative leadership to brief them on what must be done.

Our priorities in St. Paul over the next few months will be many: first and foremost, getting the legislation passed that allows money dedicated to solving the retiree health care problem to be placed in an irrevocable trust with the State Board of Investments. We will also seek to place our Community Investment Trust dollars with the SBI, to take advantage of the potential for better interest rates. We also have unfinished business with the DECC expansion. I fully expect to see legislative approval for the \$70 million expansion in 2007. Our political landscape has improved as well with the change of Congressional chairmanships in Washington. Representative Jim Oberstar will chair the Transportation Committee and Representative Dave Obey will be the ranking member on the Appropriations Committee. The Duluth/Superior region will have great clout.

As for negotiations, no one said they would be easy. Negotiations with our unions have been lengthy but I believe they have been conducted in good faith and in a spirit of cooperation. Our supervisors came to the table first, and reached a fair agreement with the City. We have recently worked out tentative agreements with our Police, Fire and Confidential unions. We will continue to work toward reaching an agreement with AFSCME. We're working hard on enacting the task force recommendations and completed two important parts of our own tasks just last week. Thanks to Erik Simonson, chair of the Labor-Management Health Insurance Committee, I am happy to announce we have started the audit of our employee health insurance records to make sure we are saving as much money as possible. This task is estimated to save \$160,000 per year. We are also installing new software in our Human Resources office which will help manage the system and provide greater efficiencies. We are committed to finding a solution that is fair to our employees and affordable for the taxpayers of the City of Duluth.

It's certainly more than appropriate at this time to thank our City employees for the outstanding job they do each and every day on behalf of our citizens. They really have had to do "more with less", and this past year was certainly no exception. Our full-time employee count is down by nearly thirty more employees from this time last year. Our employees have picked up the slack, and I can't stress enough how important that is. They all deserve our thanks.

While retiree healthcare is an important issue, we cannot lose sight of the other accomplishments we must realize to grow as a city. We need to continue to make Duluth a great place to do business, so we can keep attracting good jobs which will allow us to retain more of our young people. In terms of business expansion we are also doing well. The latest addition to Northstar Aerospace is well under way. When that project is completed, and all potential is realized, the company hopes to double its current employee total of 90. Cirrus Design continues to grow, continues to sell record-breaking numbers of airplanes and continues to provide great jobs for our citizens. Cirrus hopes to add another 250 jobs to their workforce from 2005's numbers when their expansion is done, bringing them to over 850 employed. Last week's announcement of Midwest Airlines beginning service to Milwaukee is also most welcome. I want to thank Brian Ryks and the Airport Authority, APEX, Duluth city staff and Superior Mayor David Ross for working together to make that relocation reality. A growing community must be accessible to people and we are – over the water, on the road and through the air. I expect even more growth in the aviation industry.

Look for significant positive change in perimeter industry that will be good news for Duluth. We need to keep our downtown vibrant and growing. A&L Properties is set to embark on a new project in the Old Downtown area, bringing 120 construction jobs and 200-300 permanent retail jobs upon completion. The new Sheraton Hotel downtown, which is nearing completion, is another new development that will change our city for the better. The hotel construction has provided 150 jobs for the last 15 months, and the city's parking ramp employed 48 FTE's for 14 months. Work continues on the new Canal Park Lodge, replacing the former Canal Park Inn. That project will employ 100 construction workers and 30 permanent workers once the project is done. It will give Duluth, and the Canal Park area, one more state-of-the-art facility to meet the needs of visitors.

Speaking of parking ramps, we have made some cost saving changes at our ramps in 2006. Those of you who have used the ramps have noticed the new pay-on-foot systems. By having pay-on-foot at the medical district ramp and the tech village ramp, we have saved more than \$200,000 per year in operating costs and increased revenues by as much as \$30,000 per ramp. All this without laying off even one person. In 2007, we are implementing a new "parking enterprise fund." It will show us how financially stable our parking ramps and meters are in Duluth. We will send a resolution to the City Council to this effect later this month.

We need to expand our tourism industry, which has already proven to be a powerhouse. Tremendous growth in the collection of hotel/motel and food and beverages taxes show how Duluth continues to prove it is receiving good reviews as a destination. Growth of \$300,000 in revenue in 2006 and record season ticket sales in 2007 prove that Renee Mattson is a force to be reckoned with at Spirit Mountain. Terry Mattson and Visit Duluth continue to prove that if they are spending their time attracting events instead of campaigning for funding, they can be very successful. Their success also underscores the importance of passenger rail service from the Twin Cities to Lakeside and beyond, to Two Harbors. Minneapolis Mayor R.T. Rybak has also expressed his strong support for passenger rail service, saying the proposed Northstar line will "reconnect the heart of Minnesota and you can count on me to ride the rails to Duluth." Significant growth in the food and entertainment industries in our downtown gives me great hope that we will soon see the downtown vibrant once again. A new space for Renegade Theater, ethnic bars and restaurants and new living spaces highlight this growth.

We will work to resolve the aquarium confusion that has continued to haunt Duluth. It has been four years since a special Task Force completed its study on the Great Lakes Aquarium and provided the city with recommendations for enhancing its operation and securing its long-term sustainability. It was a monumental effort that resulted in the development of some very creative options within a thorough list of comprehensive suggestions. Four years have since passed, and I believe it is once again time to assess our effectiveness in fully benefiting from that effort. I have therefore asked a new group of local citizens to take a fresh look at the Great Lakes Aquarium. A Blue Ribbon Mission Assessment Team will be chaired by Jack LaVoy of APEX with the support of Ken Buehler, Marti Buscaglia, Mark Emmel, Ken Gilbertson, Elaine Hansen, Cindy Hayden, Wayne Hibbard, Harold Frederick and Dennis Lamkin. It will be their task to make an in-depth assessment of the aquarium's current status while thoroughly evaluating any and all reasonable options for enhancing its long-term viability and optimizing its ongoing benefit to our community.

The progress made in the Heritage Hockey Center project has been remarkable. Two sheets of ice will replace one. A new hotel will offer another option for those coming here for tournaments and games. Duluth will have reclaimed its place as the hockey capital of Minnesota with a facility worthy of the sport's tradition. It will be the envy of the State of Hockey.

Construction of new classroom and meeting space that includes the Swenson Science Center and the Labovitz School of Business at UMD and the expansion at Lake Superior College show the continued momentum and faith in our industries of higher education in Duluth.

We need to keep planning our future growth, and we have made major steps in that area over the last twelve months. Last year we finished the Comprehensive Plan, and now we have a solid framework upon which to build. We will begin our efforts by instituting a form-based code, which will allow for more streamlined planning even as we continue to seek input from stakeholders and citizens. There is money budgeted for this process in the 2007 budget. We also completed the East Hillside, Downtown and Waterfront Charrette planning process. This specialized planning process came up with recommendations we are working to make reality with our Charrette steering group.

Spirit Valley is the envy of every business district in the city. A rebuilt Grand Avenue and Central Avenue, complete with a brand-new Streetscape have re-energized the whole neighborhood. A new police sub-station will open soon, and we will reduce response time to better serve the needs of our western citizens who rely on police service. We are seeing private investments taking root as the city reinvests in infrastructure there. I applaud the energy and efforts of SVCNDA Executive Director Kris Ridgewell, Congressman Jim Oberstar, and City Councilor Russ Stover for their boundless energy and tireless work on these completed projects.

For over two years, a group of dedicated people have been working to bring another very important project home to our citizens. Last month the City Council voted to allocate \$7.2 million from the Community Investment Trust toward City access to a new Ray and Joan Kroc Corps Community Center. This \$50 million project will help our neediest citizens while helping us provide recreation opportunities for all. One of the best features of the project is the \$30 million endowment fund that will earn in excess of

\$1.5 million per year and pay for an additional 30-plus jobs at the site. The endowment fund will always be there and will be even more productive as it grows in size. There will also be a new "Miracle League" field built next to the Kroc Center, funded by private donations and with help from the Minnesota Twins. This special cushioned synthetic field will provide children and adults with physical and mental challenges a chance to play baseball. This project has been a long time in the making and I commend the City Council for its actions on this project.

Many of our community leaders, including Jeno Paulucci and Al Netland, deserve our thanks for starting a project that is now about to come to fruition. Living conditions are improving for those who have fallen victim to landlords who refuse to provide livable conditions for families who deserve better. Most of our landlords are solid and fair, but a small number have cheated our families who live on limited means. This cannot and will not be tolerated. We will continue to monitor substandard living conditions in rental properties. Our rental tours will continue in 2007.

We will also continue working to keep Duluth a safe place for all people to live, work, and raise families. Our new Police Chief, Gordon Ramsay, has already received rave reviews for his commitment to community policing. We are putting officers back on the streets, adding community officers, and creating a Neighborhood Impact Team to work in partnership with residents, businesses, landlords and community groups to lower crime and increase the quality of life in problem areas. Just recently our Police Department made headlines with its cooperative effort with Federal and regional officers for breaking up a group of repeat criminals who were persistently disrupting a neighborhood. We will continue to use these and similar cooperative efforts to ensure that a small group of criminals will not be allowed to poison our city and jeopardize our way of life.

We assure our citizens of color that the Police Department will work diligently to build and strengthen relationships with them. We will hold a summit on racism and diversity on Saturday, February 10 at the Central Hillside Community Center. Also in 2007, we will have a citizen's police academy specifically for our citizens of color. We'll establish neighborhood advisory boards where officers will meet with people of color on a regular and informal basis to talk about the direction of the police department. We will also continue working with the People's Institute on Undoing Racism. This is all part of our commitment to continue to build trust with our citizens. I urge our citizens to take advantage of the services offered by our Human Rights Office and commend Meg Bye for finding the money needed to keep this important office serving citizens in 2007.

The Clayton-Jackson-McGhie Memorial contains a quote from Albert Einstein which says, "The world is a dangerous place, not because of those who do evil, but because of those who look and do nothing." The means are in place for us to stop "doing nothing". Let's use them. Meanwhile, our crime statistics show there is reason for optimism. Duluth is a safer place. How many of us remember that four years ago there were seven homicides in Duluth? Any homicide is too many so we will continue our vigilance on our streets and ask our citizens to work with their community officers. We have initiated a new system to track the calls our police department receives so not all the 2006 statistics are available as yet, but most types of violent crime such as sexual assaults and burglaries are down over the last two years.

We also need to take care of our city, and we need to take care of the environment in which we all live, so our children and grandchildren can inherit an unspoiled Duluth that still shines with natural beauty. This year Duluth became one of only ten cities in the United States to become an eco-municipality. We worked with the Climate Trust to provide energy efficiency upgrades to the Duluth Steam Plant, which will cut its emissions by 20 percent. A \$1 million award to the City of Duluth and Johnson Controls from the Climate Trust will help pay for over \$4 million of improvements to the facility – and taxpayers won't pay a dime. I thank our Cities for Climate Protection coordinator Sandy Sweeney for spearheading this effort. Unfortunately for the City, Sandy retired last month. However, to continue his good work, we will create an Office for Environmental Sustainability in 2007. This office will be responsible for coordinating all aspects of sustainability, energy management and ecodevelopment as well as administering our Cities for Climate Protection program.

Three years ago, we formed an eco-industry task force chaired by Dr. Ralph Loomis. What has come out of that group is the Committee on Eco-Industrial Development, or CEID. Their progress is landmark and communities all over the country are looking at the Twin Ports CEID model as the newest innovation in economic development – while we also protect our environment. Pledges of financial support have come from Duluth, Superior and Douglas County and that list continues to grow. This year we will seek state support from both Minnesota and Wisconsin. Economic growth through sustainable means is the wave of the future and Duluth/Superior's model will be the envy of many cities across the country.

We also took a significant step toward protecting the Great Lakes through the Great Lakes Mayor's Initiative. Tougher laws that promote restoration of water quality help us all. I also want to thank Admiral Crowley and our Captain of the Port, Commander Croot of the United States Coast Guard. Their need for practice exercises, which I support, will no longer compromise the water quality of Lake Superior.

Our lake is great, but it will never be the same after the passing of two of its greatest friends in Jim Marshall of Lake Superior Magazine and Ray Skelton of the Seaway Port Authority. They will be missed.

We will begin to take care of our city's legacy in 2007. The Duluth Legacy Endowment Fund will make its first disbursements in 2007. An Advisory Board has been set up to take grant applications in arts and culture, beautification, economic development, education, the environment, human services and parks and recreation. I thank the Duluth-Superior Area Community Foundation for its effort and assistance with the Legacy Fund.

Everyone knows Duluth is a great place to visit, but we've made it a priority to make it a great place to live as well – for everyone. That's why I am so excited about several projects that illustrate our desire to make Duluth a welcoming place. I'll begin with the Campus Park project. I would like to publicly commend and thank Mark Lambert at this time. Mark has responded to every neighborhood question and concern he's ever been asked about his development. He has worked positively with everyone, but most importantly, he has built an absolutely incredible complex for college students on Rice Lake Road. If you haven't seen it, you should. He's done a great job in Duluth and I thank him. Mark's project has done a great deal to help the college housing situation in town, encouraging migration back to student housing and out of the traditional family neighborhoods.

We have also made great strides in helping low and moderate income Duluthians find good housing. Village Place is now open for business near the hospital district. It is truly a place for everyone – affordable housing and efficiencies are placed comfortably with upscale larger apartments in a part of town that needs the type of quality housing Bruce Wyman, Scott Vesterstein and their staff provide. Up the hill, the Matterhorn Development is another part of the HOPE-VI project that is nearing completion. This is an attempt to give low and moderate income Duluthians better access to job opportunities and access to public transportation in the mall area. Helping provide opportunities for our citizens to better themselves just makes good sense, and we are seeing how good sense meets good policy in that development. The Harbor Highlands project has also played a key role in increasing housing opportunities for those who need them the most. These are direct replacements for existing HUD housing and the upgrade is most welcome. Ground will break this spring on Phase 2 of a three-phase project. The San Marco project is also nearing completion. When it is finished we will have provided a place for people in need of special help. It can be said that a community is judged by the way it treats all its citizens. I believe projects like these show Duluth is doing a much better job than ever before in taking care of those with fewer resources and greater needs. The project will also save city and county taxpayers nearly \$2 million a year on service fees and staff time.

The Bridgeman Russell renovation is complete and it is one of the most remarkable examples yet of how great housing can be provided in the context of historic preservation. A part of town that prides itself on its historic look now has a new development that will help revitalize that area of the city. New condos are also nearly complete in the Superior Vista development on Skyline Drive. These new buildings also provide upscale housing in a part of Duluth where the view is unequaled. Seth Oliver has completed condos in the old Duluth Water and Gas building that features a green roof in yet another great place to live downtown. The Lester River Condo project is another great effort that will continue our pattern of housing growth.

Truly, construction is key to our efforts to improve Duluth. These projects, and the construction jobs, spinoff businesses and economic benefits we know they provide, cannot and must not be underestimated. In the last three years we have seen over 1,000 new single family homes and family units built in Duluth, with over 25,500 permits issued. According to the Office of Building Safety, we've seen increases in the number of site improvement permits increase as well, as part of just over \$491 million in total estimated construction in those three years. \$491 million dollars! The value of all permits – including electrical, mechanical, plumbing, and so on – is a staggering \$592 million in the last three years alone. These figures don't even include the Heritage Center, the Kroc Center, or the DECC expansion.

Low and moderate income housing provides a substantial portion of that economic benefit to the city. That has now been proven as fact. Not only have we provided jobs for construction of these new living units, we have reduced the number of homeless people living in Duluth and the surrounding region. We will continue to work with Grand Rapids on their homeless shelter, called Grace House. It will be the first shelter of its kind anywhere in Itasca County.

However, new facilities don't mean much without people to work in them. That's why the City is supporting a new initiative called The Northland Works. Over 75,000 jobs are expected to open over the next ten years in our region, most through the

retirement of baby boomers. This will offer unprecedented opportunities both for our young students to stay at home and for those who may have left to return. Thenorthlandworks.org website is the place to learn about current hot jobs, future hot jobs and searchable links in nine major employment categories. So in a time of what some people see as stagnation, it is really the exact opposite of stagnation we're seeing. We're building. We're growing. And we're re-evaluating. We are seeing the fruits of our growth even now.

We have a new management agreement in place for Bayfront Festival Park. We know Craig Samborski well, we know he'll do a good job, and we know he'll bring bigger and better quality acts to Duluth's most popular location.

We also saw our public golf courses turn a profit for the first time ever. The new management plan we implemented worked, and there is no longer budgetary pressure on the city to subsidize an expensive golf program. We experienced record revenues at city courses in 2006. In the fall of 2007, I will propose that the city council authorize the demolition of the Enger Park clubhouse. I will further recommend the construction of a new clubhouse, which will be available for golf and non-golf events, making it even more profitable in coming years. We will also recommend an addition and upgrade to the Lester Park clubhouse to help it keep pace with its expanding needs. I applaud the efforts of our golf team including Steve Anderson, Paul Schintz, Jud Crist, Jeff Anderson and Parks Director Carl Seehus. A different kind of golf – disc golf – is also increasing in popularity. We are examining the possibility of designing a new course on City-owned land near Lake Superior College.

I have a special announcement this evening. Alessandro Giuliani, developer of the Heritage Hockey Center project, has agreed to build a covered soccer facility, which will help the world's most popular sport continue to grow right here in Duluth. We're committed to the health of our citizens as well.

Tonight I'm announcing our support for the Governor's "Fit City" program, which recognizes Minnesota cities committed to creating and maintaining a city environment supportive of active living. The benefits of such activity are well known and in a city with our natural capacity for outdoor activity, it's a natural fit.

We will also continue work on one of my earliest priorities as mayor. In consultation with Animal Allies and Executive Director Jim Williams, we will start work on a new animal shelter in 2007, to be jointly used by the City and Animal Allies.

In August we celebrated the 150th anniversary of our city's founding by opening a fifty-year-old time capsule. Citizens in attendance dressed in the styles of fifty years ago. Our Centennial Queen came from Silver Bay to be a part of the special event. Fred Lewis, who chaired the Duluth Centennial Committee, was there. Skip Humphrey, son of the late Senator Hubert Humphrey, was there as well. We opened and read several fifty-year old letters. It was immediately apparent to all of us that there was a great sense of community pride in 1956. There was no partisanship. There was no criticism. There was simply a desire to make Duluth a better place to live.

I want to share a few of the words in Chairman Lewis' letter that were very appropriate then and are even more appropriate today: When this message is read in the year 2006 and here today, we shall have long since put into your hands the privilege and responsibility of keeping Duluth an ever-growing, ever prosperous city, Our

combined efforts in making this Centennial Year have proved that Duluth is no longer a community made up of small communities where rivalry and distrust exist. We have proved that we are a united city, that citizens of Duluth are neighbors in the true sense of that heart-warming word; that we can work and play together in harmony and mutual respect. It is our sincere wish that we have established a precedent for community harmony that will last as long as Duluth stands; that the folks who live in Fond du Lac look upon the folks who live in Lester Park and beyond, as neighbors, separated only by distance, not by competition or personal community factions.

Clearly, Duluth does not lack for passion, nor for those who care deeply about our community. But the last item in this address will be a challenge. I believe we're on the verge of very positive times in our city. The progress we're making on every front — including negotiations — should be real reason for optimism. To that end, I challenge everyone in this room and everyone who hears or reads these words in the media to examine their attitudes. I would like Duluth to "work together with mutual respect," as Fred Lewis said fifty years ago. Sometimes, we spend time examining negatives instead of the positive things Fred Lewis talked about. Surely we can disagree — democratic government, in fact, depends on our ability to disagree in a fair manner — but too often those disagreements turn personal in nature and that helps no one, least of all our city. I am constantly amazed at how some people who regularly talk down the name of our city are people who live here. We walk a thin line — we all want Duluth to be a better place, but at the same time give everyone a voice so that no opinion is unheard.

Over the past three years we have had almost a half a billion dollars in construction in Duluth, yet I hear people say "Duluth is anti-business." If Duluth is "anti-business", why are developers spending so much money here? If Duluth is anti-business, why did Minnesota DEED grant Duluth over \$4.5 million for economic development projects last year? We can't succeed when our desire to make Duluth better melts down into single-issue, my-way-or-the-highway politics. We are doomed before we start if that is our modus operandi.

Next spring we will bury a new time capsule. We plan to include many of the same types of items our community leaders included in 1956 – letters from leaders, artifacts from Duluth which will show those fifty years from now what we are like today – but at the same time, I would like us to use this event to rededicate the kind of community spirit we saw then – and can still see today. The lesson we should learn from the time capsule is to take back what we lost. If we are to keep growing, we must realize that every desire to help Duluth should come from a positive outlook, not a negative one.

Mayor Eugene Lambert, writing in 1956, summarizes this philosophy in these words; A brief study of what has happened in the last fifty years would seem to indicate that the prime difficulty in anticipating what will happen in the next fifty years is a tendency to be pessimistic rather than optimistic. I feel certain that if those who preceded me had attempted in 1906 to predict what we have today, they would have fallen far short of the mark.

What mark will we set for the future? Will we be pessimists, or will we be optimists? Our physical community and our sense of community are unchanged from fifty years ago. But if we want to hand a growing Duluth to our grandchildren fifty years from now, our duty is clear. We must be positive about our city. I believe we can do it. I choose to be optimistic rather than pessimistic and I call upon all of you to think the

same way. Together – but only together – we can do it, and once again reach Mayor Lambert's mark of fifty years ago. Mayor Lambert, in his closing comments, hoped that today's Duluth would "be proud of what we have done." My hope is the same – that Duluth fifty years from now will look back on a crossroads moment in the history of our city and be proud of the result. My friends, it is time to decide, right here, right now. Our city's engine needs to be firing on all cylinders. Our future is as bright as we decide to make it. We control our destiny, and it's time to live up to our vast potential. Let's make it happen. Thank you.

DULUTH AT A GLANCE

General Information

Duluth is the seat of St. Louis County, the largest city in the northern two-thirds of Minnesota, and the third largest city in the state. It is located at the western tip of Lake Superior and its city limits encompass 67 square miles of land and nearly 50 square miles of water. Situated on a hillside along Lake Superior's north shore, Duluth is 23 miles long and eight miles wide at its broadest point. Duluth's population exceeds 85,000 and contributes to a market area of more than 500,000 including Northern Minnesota, Norwest Wisconsin, Upper Michigan and Lower Ontario.

Once dependent on heavy industry for its economic health, Duluth has diversified and is now a strong center for shipping, tourism, education, health care, retail sales, technology, aviation and new industry.

Form of Government

Duluth was organized as a township in 1857; incorporated as a city March 5, 1870; under Special Laws of Minnesota for 1870; returned to a village October 2, 1877; and rechartered as a city March 2, 1887, under Special Laws of Minnesota for 1887.

Duluth adopted its first home-rule charter in March 1900. This charter provided for the Mayor-Alderman form of government.

On December 3, 1912, the voters of the City of Duluth voted out the 1900 charter and replaced it with the 1912 Home Rule Charter - that is, the Commission form of government which went into effect on April 14, 1913.

The Commission form of government ended on June 11, 1956, at which time the Mayor-Council form of government went into effect, in accordance with the mandate of the voters expressed at the municipal election March 20, 1956, amended September 8, 1964.

Major Services Provided by City of Duluth

Airport Facility
Duluth Entertainment and Convention Center (DECC)
Building and Housing Inspection
Fire and Police Protection
Library Services
Natural Gas Utility and Water Supply
Planning and Business Development Support
Recreation, Parks, Golf Courses, Ski Facility, Zoo
Sewer Maintenance
Street Lighting and Street Maintenance
Transit Support

Fiscal Year	_	General Government	-	Public Safety	_	Public Works	_	Culture and Recreation	_	Urban Economic Development	-	Interest	_	Water
2002* 2003 2004 2005	\$	19,163,984 18,164,487 20,669,584 21,287,443	\$	26,045,849 25,163,652 25,285,634 28,069,291	\$	16,485,742 14,061,511 12,580,602 13,720,883	\$	8,541,853 7,493,744 6,385,653 7,400,480	\$	13,939,868 11,081,790 14,173,566 23,676,985	\$	6,855,458 6,046,179 6,917,787 6,749,211	\$	9,734,767 8,945,765 8,465,593 9,463,342
	_	Gas	-	Sewer	_	Stormwater	_	Steam District #1	_	Steam District #2		Golf	_	Total
2002* 2003 2004 2005	\$	36,290,401 38,806,370 41,883,691 50,491,710	\$	15,355,339 15,240,922 14,610,838 13,454,790	\$	2,227,108 2,354,872 2,470,513 2,508,496	\$	3,399,206 3,597,759 3,893,705 4,085,845	\$	7,917,186 8,497,270 8,677,762 8,919,977	\$	1,756,201 1,754,734 1,762,485 1,908,334	\$	167,712,962 161,209,055 167,777,413 191,736,787

^{*} This table was developed with the implementation of Governmental Accounting Standards Board Statement No. 34. Years prior to 2001 were not restated, and therefore are not available.

Unaudited

GOVERNMENT-WIDE REVENUES LAST FISCAL YEAR

TABLE 2

			P	rogram Revenue	es												
Fiscal Year		Charges for Services		Operating Grants and Contributions		Capital Grants and Contributions	Taxes	_	Grants and Shared Revenue Not Restricted to Specific Programs	_	Unrestricted Investment Income		Miscellaneous	=	Total		
2002* 2003 2004 2005	\$	85,923,425 90,970,541 97,141,195 108,396,603	\$	14,328,781 11,580,360 11,944,143 9,884,061	\$	17,885,399 12,836,608 14,898,978 13,744,899	\$ 27,152,478 27,605,359 34,078,601 35,659,898	\$	35,095,985 32,840,817 32,502,413 31,443,085	\$	4,124,914 1,412,926 2,728,809 3,574,224	\$	6,349,444 6,379,199 6,376,247 10,510,666	\$	190,860,426 183,625,810 199,670,386 213,213,436		

^{*} This table was developed with the implementation of Governmental Accounting Standards Board Statement No. 34. Years prior to 2001 were not restated, and therefore are not available.

Unaudited

CITY OF DULUTH, MINNESOTA GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION General, Special Revenue, Debt Service and Capital Projects Funds LAST TEN FISCAL YEARS TABLE 3

Fiscal Year	_	General Government	_	Public Safety	_	Public Works	_	Culture and Recreation	Urban Economic Development	-	Debt Service	-	Capital Outlay	_	Total
1996	\$	10,394,240	\$	23,450,070	\$	13,570,643	\$	4,336,857	\$ 8,082,724	\$	9,620,130	\$	0	\$	69,454,664
1997		10,196,670		23,091,149		12,284,197		4,577,348	7,742,871		11,329,176		0		69,221,411
1998		12,532,047		24,663,727		12,958,911		5,143,559	9,198,092		11,175,446		0		75,671,782
1999		13,157,644		22,650,966		13,407,985		6,154,401	8,790,075		12,963,206		0		77,124,277
2000		17,656,305		26,570,500		9,645,063		6,685,159	8,696,340		14,365,687		0		83,619,054
2001		17,735,834		29,470,733		10,025,300		7,603,662	9,546,880		15,439,901		0		89,822,310
2002*		19,124,773		29,423,941		9,833,899		7,395,397	12,565,206		14,895,868		23,186,154		116,425,238
2003		19,040,102		28,861,649		9,618,124		6,919,311	12,005,724		15,435,359		18,671,264		110,551,533
2004**		19,574,200		29,082,948		9,947,392		6,945,317	15,511,249		18,649,204		17,010,131		116,720,441
2005		19,885,273		31,519,654		9,979,171		6,713,232	19,828,474		25,017,485		23,478,917		136,422,206

Implementation of Governmental Accounting Standards Board Statement No. 34 in 2002, General Governmental includes Capital Projects Fund.
 *** Effective 2004, the Duluth City Council became the governing board of Duluth Economic Development Authority.

Tax Revenues										Charges							
Fiscal Year	_	General Property		City Sales		Other	_	Licenses & Permits		Intergov- ernmental		for Services	-	Fines & Forfeits	Misc.	_	Total
1996	\$	10,544,430	\$	8,579,595	\$	4,171,054	\$	461,211	\$	36,304,402	\$	4,381,287	\$	985,385	\$ 11,065,753	\$	76,493,117
1997		11,435,864		8,984,984		4,307,226		475,164		37,420,361		4,831,657		964,047	12,096,293		80,515,596
1998		10,402,118		9,426,505		4,966,878		478,421		41,636,886		4,873,979		975,635	12,524,509		85,284,931
1999		10,480,823		10,286,689		5,715,068		506,255		39,819,934		5,987,971		1,099,323	12,247,963		86,144,026
2000		10,577,249		10,191,355		6,194,436		513,534		41,611,058		5,510,166		1,130,118	15,937,643		91,665,559
2001		11,263,520		10,666,664		6,386,661		624,432		43,848,145		5,190,480		1,074,390	15,895,794		94,950,086
2002*		9,955,083		15,350,586		1,873,578		609,550		57,238,945		5,831,871		947,610	15,643,363		107,450,586
2003		10,514,386		14,903,251		683,080		658,314		54,781,689		6,091,850		994,710	14,854,269		103,481,549
2004**		15,936,795		15,478,954		1,924,690		680,953		51,643,301		6,549,128		1,083,084	17,315,636		110,612,541
2005		16,321,413		15,963,891		1,945,956		853,927		49,263,351		7,969,577		1,002,752	17,903,907		111,224,774

Unaudited

CITY OF DULUTH, MINNESOTA PROPERTY TAX LEVIES AND COLLECTIONS LAST TEN FISCAL YEARS

TABLE 5

Fiscal Year	. <u>-</u>	Total Tax Levy	_	Current Tax Collections	Percent of Levy ollected	ı	Delinquent Tax Collections	Total Tax Collections	as	Total ollected Percent Current Levy	_	Current Delinquent Taxes	Delinquent Taxes as Percent of Current Levy
1996	\$	7,910,691	\$	7,658,537	96.8%	\$	202,239	\$ 7,860,776		99.4%	\$	252,154	3.2%
1997		8,138,791		7,854,817	96.5%		186,916	8,041,733		98.8%		283,974	3.5%
1998		8,281,291		7,935,851	95.8%		196,949	8,132,800		98.2%		345,440	4.2%
1999		8,666,391		8,402,586	97.0%		346,412	8,748,998		101.0%		263,805	3.0%
2000		8,795,700		8,560,631	97.3%		251,223	8,811,854		100.2%		235,069	2.7%
2001		9,658,700		9,440,473	97.7%		214,156	9,654,629		99.96%		218,227	2.3%
2002		9,038,100		8,889,198	98.4%		215,341	9,104,539		100.7%		148,902	1.6%
2003		9,679,200		9,511,986	98.3%		152,763	9,664,749		99.9%		167,214	1.7%
2004		10,153,500		9,872,757	97.2%		170,663	10,043,420		98.9%		280,743	2.8%
2005		10,730,400		10,507,463	97.9%		150,396	10,657,859		99.3%		222,937	2.1%

Unaudited

ASSESSED AND ESTIMATED TAXABLE MARKET VALUE OF PROPERTY LAST TEN FISCAL YEARS

TABLE 6

	_	Real	Prop	perty		Persona	al Pr	operty		1	Percentage	
Fiscal Year	. <u>-</u>	Tax Capacity		Estimated Market Value	_	Tax Capacity		Estimated Market Value	ı	Tax Capacity	Estimated Market Value	of Total Tax Capacity to Total Estimated Market Value
1996	\$	39,160,165	\$	2,080,397,700	\$	2,404,952	\$	52,622,500	\$	41,565,117	\$ 2,133,020,200	1.9%
1997		39,845,861		2,287,824,000		1,961,008		49,556,600		41,806,869	2,337,380,600	1.8%
1998		37,868,469		2,369,160,700		1,719,414		49,648,300		39,587,883	2,418,809,000	1.6%
1999		38,079,562		2,458,440,000		1,702,237		51,207,000		39,781,799	2,509,647,000	1.6%
2000		42,098,922		2,623,576,400		1,725,964		51,427,200		43,824,886	2,675,003,600	1.6%
2001*		34,430,679		2,846,103,400		1,060,795		53,666,700		35,491,474	2,899,770,100	1.2%
2002		36,808,493		3,108,977,000		1,058,434		53,499,800		37,866,927	3,162,476,800	1.2%
2003		42,636,464		3,579,613,600		1,098,241		55,541,000		43,734,705	3,635,154,600	1.2%
2004		50,143,966		4,212,279,500		1,119,805		56,656,000		51,263,771	4,268,935,500	1.2%
2005		55,126,050		4,676,207,400		1,306,503		66,565,800		56,432,553	4,742,773,200	1.2%

^{* 2001} Tax Reform lowered the tax capacity rates on most classes of property.

Implementation of Governmental Accounting Standards Board Statement No. 34 in 2002, General Governmental includes Capital Projects Fund.

Effective 2004, the Duluth City Council became the governing board of Duluth Economic Development Authority.

CITY OF DULUTH, MINNESOTA
PROPERTY TAX RATES AND TAX LEVIES - ALL DIRECT AND OVERLAPPING
GOVERNMENTAL UNITS (EXCLUDING EXEMPT PROPERTY REIMBURSEMENT
FROM THE STATE OF MINNESOTA)
LAST TEN FISCAL YEARS

Fiscal Year		City	-	Schools	=	County	_	Special	=	Total
				<u>TA)</u>	(RA	ATES *				
1996		0.22730		0.56910		0.57410		0.01310		1.38360
1997		0.21916		0.52890		0.55170		0.02570		1.32546
1998		0.23789		0.49932		0.60070		0.01418		1.35209
1999		0.26063		0.50771		0.64718		0.01532		1.43084
2000		0.26126		0.48290		0.66028		0.01630		1.42074
2001		0.26405		0.46084		0.65924		0.01778		1.40191
2002		0.28976		0.18180		0.87363		0.04860		1.39379
2003		0.29027		0.14816		0.81464		0.05631		1.30938
2004		0.26866		0.11778		0.77282		0.06810		1.22736
2005		0.24215		0.11405		0.67545		0.06902		1.10067
	* Tax	Capacity Rate (per	\$1 of Tax (<u>EVIES</u>				
1996	\$	7,910,691	\$	19,794,543	\$	20,002,448	\$	456,268	\$	48,163,950
1997	,	8,138,791	,	19,631,615	•	20,504,065	•	955,989	•	49,230,460
1998		8,281,291		17,376,205		20,928,968		493,610		47,080,074
1999		8,666,391		16,905,582		21,551,675		509,737		47,633,385
2000		8,795,700		16,252,342		22,245,754		548,745		47,842,541
2001		9,658,700		20,012,662		28,727,914		784,595		59,183,871
2002		9,038,100		6,495,327		31,018,790		1,761,782		48,313,999
2003		9,679,200		5,048,900		27,200,101		1,950,799		43,879,000
2004		10,153,500		4,413,875		29,362,729		2,581,737		46,511,841
2005		10,730,400		4,997,036		29,994,678		3,057,068		48,779,182

Unaudited

SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS LAST TEN FISCAL YEARS

TABLE 8

Fiscal Year	 Special Assessment Billings	 Assessments Collected	_	Total Outstanding Assessments
1996	\$ 1,029,247	\$ 1,208,251	\$	7,742,544
1997	1,708,730	1,453,581		8,026,568
1998	2,668,613	1,637,756		9,161,738
1999	2,300,996	2,134,311		9,298,755
2000	1,954,584	2,018,695		8,926,461
2001	2,149,797	1,943,409		9,316,401
2002	1,914,846	2,860,602		8,443,092
2003	1,602,014	2,105,138		8,063,185
2004	5,029,227	2,208,339		10,767,457
2005	2,278,355	2,368,440		10,702,547

TABLE 9

Fiscal Year	Population	Tax Capacity	-	Gross Bonded Debt	-	Less Debt Service Funds	_	Net Bonded Debt	Percent of Net Bonded Debt to Tax Capacity	Net Bonded Debt per Capita
1996	85,511	\$ 41,565,117	\$	18,221,400	\$	2,766,391	\$	15,455,009	37.18%	180.74
1997	85,225	41,806,869		18,185,900		2,301,076		15,884,824	38.00%	186.39
1998	85,249	39,587,883		19,552,900		3,053,890		16,499,010	41.68%	193.54
1999	84,691	39,781,799		31,930,500		3,345,682		28,584,818	71.85%	337.52
2000	86,918	43,824,886		30,460,500		3,445,454		27,015,046	61.64%	310.81
2001	86,125	35,491,474		34,157,800		3,623,861		30,533,939	86.03%	354.53
2002	86,044	37,866,927		35,268,100		1,881,129		33,386,971	88.17%	388.02
2003	86,082	43,734,705		32,798,400		4,880,479		27,917,921	63.83%	324.32
2004*	85,782	51,263,771		35,632,400		5,903,348		29,729,052	57.99%	346.57
2005	86,918	56,432,553		45,320,700		6,287,564		39,033,136	69.17%	449.08

Note: Gross bonded debt consists of general long-term debt bonds payable as reported on the Combined Balance Sheet.

Specifically excluded are special assessment and enterprise bond issues for which the City is contingently liable.

Tax increment revenue bonds are not included.

Their General Obligation debt is included beginning in 2004.

Unaudited

CITY OF DULUTH, MINNESOTA
PERCENTAGE OF ANNUAL DEBT SERVICE EXPENDITURES
FOR GENERAL OBLIGATION BONDED DEBT
TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES
General, Special Revenue, Debt Service and Capital Projects Funds
LAST TEN FISCAL YEARS

TABLE 10

Fiscal Year	<u> </u>	Principal	_	Interest	_	Total Debt Service	Total General Governmental Expenditures	Percentage of Debt Service to General Governmental Expenditures
1996	\$	2,336,500	\$	929,300	\$	3,265,800	\$ 69,454,664	4.70%
1997		2,640,000		1,243,626		3,883,626	69,221,411	5.61%
1998		3,007,000		1,174,023		4,181,023	75,671,782	5.53%
1999		3,822,400		1,411,357		5,233,757	77,124,277	6.79%
2000		3,455,000		1,497,565		4,952,565	83,619,054	5.92%
2001		3,717,700		1,455,041		5,172,741	89,822,310	5.76%
2002		4,085,700		1,509,486		5,595,186	116,425,238	4.81%
2003		4,776,700		1,802,266		6,578,966	110,551,533	5.95%
2004		5,018,000		1,697,389		6,715,389	116,720,441	5.75%
2005		5,516,700		1,783,572		7,300,272	136,422,206	5.35%

^{*} Capital Projects Funds were not included prior to 2002, the year Governmental Accounting Standards Board Statement No. 34 was first implemented.

^{*}In 2004, Duluth Economic Development Authority became a blended component unit.

				Direct		Net Revenue Available		Deb	t Serv	vice Requirements		
Fiscal Year		Gross Revenue (1)		Operating Expenses (2)		for Debt Service		Principal		Interest	Total	Coverage
						WATER REVE	NUE	BOND				_
1997 1998 1999	\$	8,021,377 8,191,660 7,889,933	\$	5,678,645 6,100,744 6,179,369	\$	2,342,732 2,090,916 1,710,564	\$	585,000 565,000 515,000	\$	325,834 \$ 410,754 362,239	910,834 975,754 877,239	2.57 2.14 1.95
2000 2001 2002 2003		7,863,335 8,409,390 9,787,215 9,841,217		6,373,536 6,609,669 6,601,830 7,318,249		1,489,799 1,799,721 3,185,385 2,522,968	*	2,450,000 650,000 685,000 882,000		326,440 264,633 328,420 304,781	2,776,440 914,633 1,013,420 1,186,781	0.54 1.97 3.14 2.13
2004 2005 2006		10,041,273 10,450,145 11,104,194		7,165,410 8,033,370 8,399,508		2,875,863 2,416,775 2,704,686		918,000 1,002,124 989,000		269,155 253,705 218,199	1,187,155 1,255,829 1,207,199	2.42 1.92 2.24
* \$ 1,910	,000 was	s provded from fu	ınds h	neld in escrow.								
						GAS REVEN	<u>IUE B</u>	<u>OND</u>				
2001 2002 2003 2004 2005 2006	\$	41,036,149 38,394,277 42,313,867 45,272,089 55,642,735 49,890,597	\$	39,003,580 33,626,427 37,357,082 40,575,751 48,960,275 43,701,022	\$	2,032,569 4,767,850 4,956,785 4,696,338 6,682,460 6,189,575	\$	235,000 455,000 757,000 825,000 844,000	\$	155,865 \$ 338,116 493,552 544,805 519,365 520,369	155,865 573,116 948,552 1,301,805 1,344,365 1,364,369	13.04 8.32 5.23 3.61 4.97 4.54
2006		49,090,397		43,701,022		SEWER REVE	NUE			520,569	1,304,309	4.54
1997	\$	13,950,842	\$	12,585,110	\$	1,365,732	\$	810,000	\$	257,657 \$	1,067,657	1.28
1998 1999 2000 2001		14,164,851 14,363,703 14,898,053 15,553,393		14,250,391 13,494,549 13,425,754 13,908,314		(85,540) 869,154 1,472,299 1,645,079		1,245,000 715,000 875,000 825,000		279,903 279,637 291,510 301,776	1,524,903 994,637 1,166,510 1,126,776	-0.06 0.87 1.26 1.46
2002 2003 2004 2005 2006		16,560,152 16,913,297 16,407,422 14,506,025 15,700,498		13,815,859 14,380,362 13,705,780 12,332,037 13,679,753		2,744,293 2,532,935 2,701,642 2,173,988 2,020,745		925,000 714,000 750,000 1,057,876 1,192,000		396,905 365,128 441,383 564,507 584,732	1,321,905 1,079,128 1,191,383 1,622,383 1,776,732	2.08 2.35 2.27 1.34 1.14
		,		,,	<u>S1</u>	ORMWATER R	EVEN			,	.,,	
2002 2003 2004 2005	\$	2,774,284 2,861,113 2,904,664 3,012,171	\$	1,869,425 2,147,125 2,220,714 2,232,765	\$	904,859 713,988 683,950 779,406	\$	74,000 75,000 76,000	\$	47,999 \$ 51,437 49,575 47,592	47,999 125,437 124,575 123,592	18.85 5.69 5.49 6.31
2006		3,050,492		2,442,658	STE	607,834 AM DISTRICT #	l REV	80,000 ENUE BOND		106,727	186,727	3.26
1997	\$	3,168,977	\$	2,815,583	\$	353,394	\$	195,000	\$	64,900 \$	259,900	1.36
1998 1999 2000 2001 2002 2003 2004 2005	Ť	2,866,971 2,910,592 3,118,008 3,223,089 3,548,873 3,686,289 4,021,712 4,416,123	·	2,589,815 2,682,859 2,737,336 2,976,532 3,008,319 3,225,286 3,373,137 3,491,603	·	277,156 227,733 380,672 246,557 540,554 461,003 648,575 924,520		200,000 230,000 235,000 270,000 300,000 90,000 135,000 185,000		62,612 55,266 54,422 46,261 45,309 115,822 118,620 165,218	262,612 285,266 289,422 316,261 345,309 205,822 253,620 350,218	1.06 0.80 1.32 0.78 1.57 2.24 2.56
2006		4,687,255		3,994,525		692,730 GOLF REVE	NUE F	265,000 BOND		262,113	527,113	1.31
1997	\$	1,320,831	\$	1,032,807	\$	288,024	\$	215,000	\$	175,443 \$	390,443	0.74
1998 1999 2000 2001 2002 2003 2004 2005	*	1,518,541 1,428,238 1,634,898 1,564,975 1,487,619 1,572,912 1,735,653 1,699,090	Ť	1,123,075 1,063,938 1,220,726 1,274,932 1,392,197 1,411,583 1,441,402 1,633,529	*	395,466 364,300 414,172 290,043 95,422 161,329 294,251 65,561	•	225,000 240,000 250,000 255,000 265,000 275,000 120,000 120,000	7	162,758 149,483 135,323 120,573 105,528 89,893 31,595 29,195	387,758 389,483 385,323 375,573 370,528 364,893 151,595 149,195	1.02 0.94 1.07 0.77 0.26 0.44 1.94 0.44
2006		1,901,413		1,672,256		229,157		125,000		26,435	151,435	1.51

Notes:

⁽¹⁾ (2)

Includes operating revenue and interest earnings. Includes operating expenses, excluding depreciation.

Fiscal Year	Population	Effective Buying Income	School Enrollment	Unemployment Rate
1996	85,511	25,035	13,738	5.5%
1997	85,225	26,224	13,134	4.5%
1998	85,249	27,430	12,885	3.5%
1999	84,691	28,418	12,528	3.6%
2000	86,918	25,558	12,166	4.3%
2001	86,125	29,218	12,464	4.1%
2002	86,044	33,731	12,555	4.2%
2003	86,082	31,163	12,321	5.3%
2004	85,782	37,849	11,979	5.4%
2005	86,918	n/a	11,123	4.8%

Sources: The unemployment rates were provided by the Minnesota Department of Economic Security.

The effective buying income was provided by TVB Research Central (www.tvb.org).

The school enrollment figures were provided by the Duluth School District.

The population figures are estimates of the State Demographer.

Unaudited

PROPERTY VALUE AND CONSTRUCTION LAST TEN FISCAL YEARS

TABLE 13

	Constr	esidential ruction (1)	Const	Residential ruction (1)	 Property	Value	e (2)
Fiscal Year	Number of Units	Value	Number of Units	Value	 Apt / Comm / Ind	_	Residential
1996	167	\$ 6,689,643	303	\$ 12,800,847	\$ 687,362,600	\$	1,445,657,600
1997	130	9,387,176	357	14,347,342	756,726,405		1,580,654,195
1998	150	11,696,929	307	10,887,897	763,263,626		1,655,545,374
1999	291	18,282,474	305	62,534,795	799,032,925		1,710,614,075
2000	166	9,425,229	310	25,299,582	835,573,800		1,822,898,700
2001	105	17,615,469	339	10,302,806	940,009,858		1,959,760,242
2002	233	26,916,604	331	28,025,559	994,619,763		2,167,857,037
2003	162	23,898,699	324	28,061,984	1,189,513,319		2,445,641,281
2004	385	48,002,711	295	80,197,242	1,437,720,042		2,831,215,458
2005	249	31,240,542	271	30,346,756	1,589,781,544		3,152,991,656

Sources:

- (1) Building Inspection Division, City of Duluth
- (2) Assessor's Office, City of Duluth

Taxpayer *	Type of Business	2005 Estimated Market ** Valuation	Percentage of Total Estimated Market ** Valuation
Minnesota Power	Electric utility	\$ 80,981,600	1.71%
StoraEnso North America	Paper mill	46,313,600	0.98%
Simon Property, Inc.	Shopping mall	40,899,200	0.86%
Duluth Clinic LTD	Medical center	19,890,100	0.42%
IRET Properties	Property management	15,593,100	0.33%
Northwest Air	Airbus maintenance	14,823,100	0.31%
Tech Village	Office/Tech building	10,166,700	0.21%
Bradley Operating Limited	Strip mall	10,312,300	0.22%
JMM Limited Partnership	Retail/hotel	9,593,800	0.20%
Menard Inc	Retail	8,918,800	0.19%
		\$ 257,492,300	5.43%

 $^{^{\}star}$ "Taxpayer" is an aggregate of all properties under one fee ownership.

^{**} Estimated market valuation includes both real and personal property, net of tax increment.

Employer	Type of Business	Employees
St. Mary's Med Center/Duluth Clinic/Miller Dwan	Healthcare/hospital	5,236
University of Minnesota-Duluth	Education	1,700
I.S.D. No. 709	Education	1,533
St. Louis County	Government	1,376
St Lukes Hospital	Healthcare/hospital	1,312
City of Duluth/Authorities	Government	920
Cirrus Design	Aviation	825
Minnesota Power	Electric utility	659
College of St. Scholastica	Education	521
StoraEnso North America	Paper mill	280
Advanstar	Publishing	260
Fond DuLuth Casino	Gaming casino	227
Source: City of Duluth Business Development Office		14,849

CITY OF DULUTH FACILITIES AND SERVICES PROVIDED BY: PRIMARY GOVERNMEMEN - Public Safety - Fire Department - Number of stations 9 Number of employees 1,345 Number of inspections conducted 1,200 Police department - 1,200 Number of employees 1,675 Number of violations: 9,659 Criminal offenses 9,659 Traffic violations 3,752 Parking violations 6,655 Adult and juvenile arrests 3,252 Public Works - 469,20 Streets - paved 469,20 Streets - unpaved 37,12 Sidewalks 381,33 Number of street lights - 37,27 Overhead street lamps 3,72 Construction permits - 2,400 Estimated cost of construction during 2005 \$12,116,032 Sewage System - 408,00 Miles of sanitary sewers 408,00 Miles of some sewers 349,00 Number of service connecti	Date of Incorporation Form of Government Number of employees (excluding police and fire) Area in square miles	1887 Mayor/Council 643 67.29
Fire Department - Number of stations 9 Number of stations 134 Number of calls answered 7,345 Number of calls answered 1,200 Police department - 167 Number of wiolations: 167 Criminal offenses 9,659 Traffic violations 66,555 Adult and juvenile arrests 3,329 Public Works - 469,20 Streets and alleys - 31,332 Public Works - 469,20 Streets - pawed 469,20 Streets - pawed 469,20 Streets - pawed 77,31 Sidewalks 381,33 Number of street lights - 3,712 Ornamental lamps (no.of bulbs) 3,712 Overhead street lamps 3,727 Construction permits - 2,400 Estimated cost of construction during 2005 \$121,160,329 Sewage System - 408,00 Miles of sanitary sewers 408,00 Miles of som sewers 349,00 Number of service connections 28,840 <td>PRIMARY GOVERNMENT -</td> <td></td>	PRIMARY GOVERNMENT -	
Number of stations 9 Number of employees 134 Number of employees 1,345 Number of inspections conducted 1,200 Police department -	· · · · · · · · · · · · · · · · · · ·	
Number of employees 134 Number of inspections conducted 1,200 Police department - 1,200 Number of employees 167 Number of violations: 167 Criminal offenses 9,659 Traffic violations 3,752 Parking violations 66,555 Adult and juvenile arrests 3,329 Public Works - *** Miles of streets and alleys - *** Streets - paved 469,20 Streets - unpaved 77.31 Sidewalks 381,33 Number of street lights - **** Ornamental lamps (no.of bulbs) 3,727 Construction permits - *** Permits issued in 2005 \$*** Estimated cost of construction during 2005 \$*** Sewage System - *** Miles of sanitary sewers 408,00 Maximum daily capacity of treatment plant in gallons <td< td=""><td>•</td><td>۵</td></td<>	•	۵
Number of calls answered 7,345 Number of inspections conducted 1,200 Police department - 167 Number of employees 167 Number of violations: 9,659 Criminal offenses 9,659 Traffic violations 3,752 Parking violations and purenile arrests 3,329 Public Works - 469,20 Miles of streets and alleys - 3,727 Streets - paved 469,20 Streets - unpaved 77,31 Sidewalks 381,33 Number of street lights - 77,31 Ornamental lamps (no.0f bulbs) 3,727 Overhead street lamps 3,727 Construction permits - 2,400 Estimated cost of construction during 2005 \$121,160,329 Sewage System - 408,00 Miles of sanitary sewers 349,00 Miles of saritary sewers 349,00 Number of service connections 28,840 Daily average treatment in gallons 14,580,000 Maximum daily capacity of treatment plant in gallons 14,580,000		
Number of inspections conducted 1,200 Police department - Number of employees 167 Number of violations: 3,752 7,275 2,	· ·	
Number of employees		
Number of employees 167 Number of violations: 9,659 Criminal offenses 9,659 Traffic violations 3,752 Parking violations 66,555 Adult and juvenile arrests 3,329 Public Works - Miles of streets and alleys - 469,20 Streets - paved 469,20 Streets - unpaved 77,31 Sidewalks 381,33 Number of street lights - 0rnamental lamps (no.of bulbs) 3,712 Overhead street lamps 3,727 Costruction permits - Permits issued in 2005 2,400 Estimated cost of construction during 2005 \$121,160,329 Sewage System - 408,000 Miles of sanitary sewers 408,00 Miles of sanitary sewers 408,00 Miles of service connections 28,840 Daily average treatment in gallons 14,580,000 Maximum daily capacity of treatment plant in gallons 134,972,000 Culture and recreation 129 Parks and Recreation Department - 129 N	·	1,200
Number of violations: Criminal offenses 9,655 Traffic violations 3,752 Parking violations 66,555 Adult and juvenile arrests 3,329 Public Works - Wiles of streets and alleys - Streets - paved 469,20 Streets - paved 77,31 Sidewalks 381,33 Number of street lights - Ornamental lamps (no.of bulbs) 3,712 Overhead street lamps 3,727 Construction permits - Permits issued in 2005 \$121,160,329 Sewage System - Miles of sanitary sewers 408,00 Miles of sanitary sewers 408,00 Miles of sanitary sewers 408,00 Miles of som sewers 408,00 Miles of sorn sewers 438,000 Number of service connections 28,840 Daily average treatment in gallons 14,580,000 Maximum daily capacity of treatment plant in gallons 134,972,000 Culture and recreation - Parks and Recreation Department - Number of parks 129 Park acreage 11,662 Number of municipal tenins courts 9 Community clubs/field houses operated 27 Number of municipal tenins courts 9 Community clubs/field houses operated 27 Number of athletic fields 70 Library Department - Libraries/branches 3 Registered borrowers 49,011 Cataloged items in collection 354,480 Items loaned 969,186		167
Criminal offenses 9,659 Traffic violations 3,752 Parking violations 66,555 Adult and juvenile arrests 3,329 Public Works - Miles of streets and alleys - Streets - paved 469.20 Streets - unpaved 77.31 Sidewalks 381.33 Number of street lights - 0rnamental lamps (no.of bulbs) 3,712 Overhead street lamps 3,727 Construction permits - 2,400 Estimated cost of construction during 2005 \$121,160,329 Sewage System - 408.00 Miles of sanitary sewers 408.00 Miles of storm sewers 349.00 Miles of storm sewers 349.00 Number of service connections 28,840 Daily average treatment in gallons 14,580,000 Maximum daily capacity of treatment plant in gallons 134,972,000 Culture and recreation - Parks and Recreation Department - Number of parks 129 Park acreage 11,862 Number of municipal tenis courts 2	· ·	
Traffic violations 3,752 Parking violations 66,555 Adult and juvenile arrests 3,329 Public Works - Miles of streets and alleys - 469,20 Streets - paved 77,31 Sidewalks 381,33 Number of street lights - Ornamental lamps (no.of bulbs) 3,712 Overhead street lamps 3,727 Construction permits - Permits issued in 2005 2,400 Estimated cost of construction during 2005 \$121,160,329 Sewage System - Miles of sanitary sewers 408.00 Miles of storm sewers 349.00 Miles of storm sewers 349.00 Number of service connections 28,840 Daily average treatment in gallons 14,580,000 Maximum daily capacity of treatment plant in gallons 134,972,000 Culture and recreation - Parks and Recreation Department - Number of parks 129 Park acreage 11,862 Number of municipal tennis courts 9 </td <td></td> <td>9.659</td>		9.659
Parking violations 66,555 Adult and juvenile arrests 3,329 Public Works - Miles of streets and alleys - Streets - paved 469,20 Streets - unpaved 77.31 Sidewalks 381.33 Number of street lights - 70rnamental lamps (no.of bulbs) 3,712 Overhead street lamps 3,727 Construction permits - 2,400 Estimated cost of construction during 2005 \$121,160,329 Sewage System - 408,00 Miles of sanitary sewers 408,00 Miles of storm sewers 349,00 Number of service connections 28,840 Daily average treatment in gallons 14,580,000 Maximum daily capacity of treatment plant in gallons 134,972,000 Culture and recreation - 1 Number of parks 129 Park acreage 11,862 Number of ski hills 2 Number of municipal tennis courts 9 Community clubs/field houses operated 27 Number of athletic fields 70 Library Departm	Traffic violations	
Adult and juvenile arrests 3,329 Public Works - *** Streets - paved 469.20 Streets - unpaved 77.31 Sidewalks 381.33 Number of street lights - *** Ornamental lamps (no.of bulbs) 3,712 Overhead street lamps 3,727 Construction permits - Permits issued in 2005 2,400 Estimated cost of construction during 2005 \$121,160,329 Sewage System - 408.00 Miles of sanitary sewers 408.00 Miles of storm sewers 349.00 Number of service connections 28,840 Daily average treatment in gallons 14,580,000 Maximum daily capacity of treatment plant in gallons 14,580,000 Maximum daily capacity of treatment plant in gallons 134,972,000 Culture and recreation Department - 129 Parks and Recreation Department - 129 Number of parks 129 Park acreage 11,862 Number of municipal golf courses 2 Number of municipal tennis courts 9	Parking violations	
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Items loaned 969,186	Registered borrowers	49,011
· ·	Cataloged items in collection	354,480
Reference/research questions answered 226,222		969,186
	Reference/research questions answered	226,222

CITY OF DULUTH FACILITIES AND SERVICES PROVIDED BY: PRIMARY GOVERNMENT (continued) - Department of Water and Gas - Water Fund -	
Number of hydrants	2,363
Average number of gallons treated per month	514,360,000
Miles of water mains	408.22
Meters in service	27,809
Daily average consumption in gallons	16,910,466
Maximum daily capacity of plant in gallons	32,000,000
Gas Fund -	
MMBTU sold	4,777,330
Miles of gas mains	488.3
Meters in service	25,085
COMPONENT UNITS -	
Duluth Entertainment and Convention Center (DECC) -	
Number of events	545
Number of conventions	43
Duluth Airport Authority -	
Number of passengers	305,750
Duluth Transit Authority -	
Number of buses	72
Number of routes	29
Number of passengers	2,709,249
Service area (square miles)	143
FACILITIES AND SERVICES NOT INCLUDED IN THE CITY OF DULUTH	
REPORTING ENTITY:	
REPORTING ENTITY:	
REPORTING ENTITY: Education -	12
REPORTING ENTITY: Education - Duluth Public Schools -	12 300
REPORTING ENTITY: Education - Duluth Public Schools - Number of elementary schools	
REPORTING ENTITY: Education - Duluth Public Schools - Number of elementary schools Number of elementary school teachers	300
REPORTING ENTITY: Education - Duluth Public Schools - Number of elementary schools Number of elementary school teachers Number of elementary school students Number of middle schools Number of middle school teachers	300 4,103
REPORTING ENTITY: Education - Duluth Public Schools - Number of elementary schools Number of elementary school teachers Number of elementary school students Number of middle schools	300 4,103 4
Education - Duluth Public Schools - Number of elementary schools Number of elementary school teachers Number of elementary school students Number of middle schools Number of middle school students Number of middle school students Number of middle school students Number of high schools	300 4,103 4 173
REPORTING ENTITY: Education - Duluth Public Schools - Number of elementary schools Number of elementary school teachers Number of elementary school students Number of middle schools Number of middle school teachers Number of middle school students Number of high schools Number of high school teachers	300 4,103 4 173 2,297 3 185
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Education - Duluth Public Schools - Number of elementary school teachers Number of elementary school students Number of middle schools Number of middle school teachers Number of middle school students Number of high school students Number of high school teachers Number of high school students Number of high school students Number of alternative schools	300 4,103 4 173 2,297 3 185 3,434
Education - Duluth Public Schools - Number of elementary school teachers Number of elementary school students Number of middle schools Number of middle school teachers Number of middle school students Number of middle school students Number of high schools Number of high school teachers Number of high school students Number of alternative school Number of alternative school teachers	300 4,103 4 173 2,297 3 185 3,434 9
Education - Duluth Public Schools - Number of elementary school teachers Number of elementary school students Number of middle schools Number of middle schools Number of middle school students Number of middle school students Number of high school students Number of high school teachers Number of high school teachers Number of high school students Number of alternative school teachers Number of alternative school students	300 4,103 4 173 2,297 3 185 3,434 9 55 389
Education - Duluth Public Schools - Number of elementary schools Number of elementary school teachers Number of middle school students Number of middle schools Number of middle school teachers Number of middle school students Number of high schools Number of high school students Number of high school teachers Number of high school students Number of alternative schools Number of alternative school students Number of alternative school students Number of specialized teachers	300 4,103 4 173 2,297 3 185 3,434 9 55 389
Education - Duluth Public Schools - Number of elementary school teachers Number of elementary school students Number of middle schools Number of middle schools Number of middle school students Number of middle school students Number of high school students Number of high school students Number of high school teachers Number of alternative schools Number of alternative school students Number of alternative school students Number of specialized teachers Number of specialized teachers Number of adult basic education students	300 4,103 4 173 2,297 3 185 3,434 9 55 389
Education - Duluth Public Schools - Number of elementary school teachers Number of elementary school students Number of middle schools Number of middle school teachers Number of middle school teachers Number of middle school students Number of high schools Number of high school teachers Number of high school students Number of alternative school students Number of alternative school students Number of alternative school students Number of specialized teachers Number of adult basic education students Other -	300 4,103 4 173 2,297 3 185 3,434 9 55 389 0
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Education - Duluth Public Schools - Number of elementary school teachers Number of elementary school students Number of middle schools Number of middle school teachers Number of middle school teachers Number of middle school students Number of high schools Number of high school teachers Number of high school students Number of alternative school students Number of alternative school students Number of alternative school students Number of specialized teachers Number of adult basic education students Other -	300 4,103 4 173 2,297 3 185 3,434 9 55 389 0
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Education - Duluth Public Schools - Number of elementary school teachers Number of elementary school students Number of middle schools Number of middle school teachers Number of middle school students Number of middle school students Number of high school students Number of high schools Number of high school teachers Number of high school students Number of alternative schools Number of alternative school students Number of alternative school students Number of alternative school students Number of adult basic education students Other - Number of community colleges/technical schools Number of universities Health care - Number of hospitals	300 4,103 4 173 2,297 3 185 3,434 9 55 389 0 900
Education - Duluth Public Schools - Number of elementary schools Number of elementary school teachers Number of elementary school students Number of middle schools Number of middle school teachers Number of middle school teachers Number of high school students Number of high schools Number of high school teachers Number of high school students Number of alternative schools Number of alternative school teachers Number of alternative school students Number of alternative school students Number of alternative school students Number of adult basic education students Other - Number of community colleges/technical schools Number of universities Health care -	300 4,103 4 173 2,297 3 185 3,434 9 55 389 0 900

Accrual Basis - A basis of accounting in which transaction are recognized at the time they are incurred, as opposed to when cost is received or spent.

Ad Valorem Taxes - Commonly referred to as property taxes, are levied on both real and personal property according to the property's valuation and the tax rate.

Appropriation - An authorization granted by the City Council to make expenditures and to incur obligations for purposes specified in the Appropriations Ordinance.

Assessed Valuation - A valuation set upon residential, commercial, or industrial properties by the City Assessor which is used as a basis for levying property taxes within the City, certified to the County Auditor for collection.

Asset - Resources owned or held by a government which have monetary value.

Bond - A long-term I.O.U. or promise to pay. It is a promise to repay a specified amount of money (the face amount of the bond) on a particular date (the maturity date). Bonds are primarily used to finance capital projects or equipment.

General Obligation (G.O.) Bond - This type of bond is backed by the full faith, credit, and taxing power of the government.

Revenue Bond - This type of bond is backed only by the revenues from a specific enterprise or project, such as a utility project or improvement.

Balanced Budget - A budget in which current revenues equal current expenditures.

Bond Refinancing - The payoff and re-issuance of bonds, to obtain better interest rates and/or bond conditions.

Budget - A plan of financial activity for a specified period of time (fiscal year or biennium) indicating all planned revenues and expenses for the budget period.

Budget Calendar - The schedule of key dates which a government follows in the preparation and adoption of the budget.

Budget Basis - This refers to the basis of accounting used to estimate financing sources and uses in the budget. In the case of the City, budgets of general government type funds are prepared on a modified accrual basis; whereas enterprise funds are prepared on a GAAP basis.

Budgetary Control - The control or management of a government in accordance with the approved budget for the purpose of keeping expenditures within the limitations of available appropriations and resources.

Capital Budget The appropriation of bonds or operating revenue for improvements to facilities, and other infrastructure.

Capital Improvements - Expenditures related to the acquisition, expansion or rehabilitation of an element of the government's physical plant; sometimes referred to as infrastructure.

Capital Outlay - The expenditure for small equipment or improvements of a miscellaneous or nonrecurring nature, not otherwise included in the Capital Program, and funded from current period resources.

Capital Program - The planned expenditures to be incurred each year, over the next five years, to meet capital needs pertaining to major equipment acquisitions and facility improvements or construction arising from our long-term work program. The program sets forth each project or acquisition and specifies the full resources estimated to be available to finance the proposed expenditure.

City Authority - An organizational unit created by the Legislature of the State of Minnesota to administer and maintain the operations of the Duluth Airport, Duluth Entertainment and Convention Center, Transit Authority, and Spirit Mountain Recreation Area. Each is considered a component unit of the City of Duluth reporting entity, and is accounted for as an enterprise fund.

Collective Bargaining Agreement - A legal contract between the employer and a verified representative of a recognized bargaining unit for specific terms and conditions of employment (e.g. hours, working conditions, salary, fringe benefits, and matters affecting health and safety of employees).

Contractual Services - Services rendered to a government by private firms, individuals, or other governmental agencies. Examples include maintenance agreements and professional consulting services.

Debt Service - Payment of principal and interest on specific obligations which result from the issuance of bonds.

Department - Major unit of organization comprised of subunits named divisions. Organizational elements responsible for administration and supervision of various service delivery activities.

Depreciation - The portion of the cost of a fixed asset which is charged as an expense during a particular period. In accounting for and recognizing depreciation, the cost of a fixed asset is prorated over the estimated useful life of such an asset, and each period is charged with a share of such cost.

Distinguished Budget Presentation Awards Program - A voluntary awards program administered by the Government Finance Officers Association to encourage governments to prepare effective budget documents.

Division - Organizational subunits of a department which are responsible for the administration and supervision of various service delivery activities.

Employee Benefits - Those costs incurred by the employer for pension contributions and the provision of health, dental and term insurance for all covered personnel.

Encumbrance - The commitment of appropriated funds to purchase an item or service. To encumber funds means to set aside or commit funds for a specified future expenditure.

Enterprise Fund - Funds which account for operations that are financed and managed in a manner similar to private business enterprises--where the intent of the governing body is that the costs (including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered through user charges.

Expenditure - The payment of cash on the transfer of property or services for the purpose of acquiring an asset, service or settling a loss.

Expense - Charges incurred (whether paid immediately or unpaid) for operations, maintenance, interest or other charges.

Financial Policy - The City's policies with respect to revenues, spending, and debt management as these related to government services, programs, and capital investments. Financial policies provide an agreed-upon set of principles for the planning and programming of the budget and its funding.

Fiscal Year - Twelve-month period to which the operating budget applies; January 1 to December 31 in the case of the City.

Fixed Assets - Assets of long-term character that are intended to continue to be held or used, such as land, buildings, machinery, furniture, and other equipment.

Franchise Tax - A fee charged by a governmental unit to a private business for the privileges of using a public right-of-way to generate revenue through its operations.

Full Faith and Credit - A pledge of a government's taxing power to repay debt obligations.

Function - Description of a division's operation relative to routine activities performed to accomplish established objectives and goals.

Fund - A fiscal and accounting entity, which is created and segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The major funds are the General Operating; Water; Gas; Steam; Sewer; Golf/Zoo funds; Debt Service funds; Special Revenue funds; Capital Projects funds; and Internal Service funds.

Fund Balance - The excess of the assets of a fund over its liabilities, which may include reserves and designations.

GAAP - Generally Accepted Accounting Principles. Uniform minimum standards for financial accounting and recording, encompassing the conventions, rules, and procedures that define accepted accounting principles.

Goal - A statement of broad direction, purpose or intent based on the needs of the community. A goal is a general and timeless.

Governmental Funds - Fund type which includes general fund, special revenue funds, permanent improvement funds, debt service funds and special assessment funds.

Grants - A contribution by a government or other organization to support a particular function. Grants may be classified as either operational or capital, depending upon the grantee.

Infrastructure - The physical assets of a government (e.g. streets, water, sewer, public buildings, and parks).

Intergovernmental Revenue - Funds received from federal, state, and other local government sources in the form of grants, shared revenues, and payments in lieu of taxes.

Internal Service Charges - The charges to user departments for internal services provided by another government agency, such as fleet and insurance.

Levy - To impose taxes for the support of government activities.

Long-term Debt - Debt with a maturity of more than one year after the date of issuance.

Materials and Supplies - Expendable materials and operating supplies necessary to conduct departmental operations.

Object of Expenditure - An expenditure classification, referring to the lowest and most detailed level of classification, such as permanent employee wages, over-time, electricity, office supplies, and paving materials.

Objective - Something to be accomplished in specific, well-defined, and measurable terms and that is achievable within a specific time frame.

Obligations - Amounts which a government may be legally required to meet out of its resources. They include not only actual liabilities, but also encumbrances not yet paid.

Operating Expenses - The cost for materials, services, and supplies required for a department to operate.

Operating Revenue - Funds that the City receives as income to pay for ongoing operations. It includes such items as taxes, fees from specific services, interest earnings, and grant revenues. Operating revenues are used to pay for day-to-day services.

Permanent, Full-time Position - A job classification created by Civil Service, authorized through the budgetary process, and filled in accordance with Civil Service rules and Chapter 13 of the Duluth City Code.

Personal Services - Those costs associated with the salaries and wages of permanent and temporary employees.

Proprietary Funds - Fund type which includes the enterprise funds of Public Service, Public Utility and City Authorities.

Public Service Fund - A fund established to account for the operation and maintenance of the City of Duluth's sanitary and storm sewer collection system.

Public Utility Fund - A fund established to account for the operations of the Department of Water and Gas and the Duluth Steam Cooperative Association which provide water, gas, and steam utility services, respectively, to the citizens of Duluth.

Purpose - A broad statement of the goals, in terms of meeting public service needs, that a department is organized to meet.

Revenue - Sources of income financing the operations of government.

Revenue Source - A revenue classification that designates the origination or type of funds received.

GLOSSARY

Special Revenue Fund - Funds which account for specific financial resources that are restricted to expenditures for specified purposes. Examples of these funds include Community Development, Job Training Partnership Act, Economic Development, Municipal State Aid-Streets, and the Senior Program related funds.

Tax Capacity - A valuation placed upon the market value of the real and personal property in the City in a manner prescribed by state law as the basis for levying property taxes. The tax capacity reflects a percentage of the property's assessed value. The market value of a property is multiplied by the appropriate tax capacity classification rate to arrive at its "tax capacity".

Tax Capacity Classification Rate - The tax rates applied to tax capacities within the City. The tax capacity rate will vary depending on the property classification (homestead, seasonal-recreation, rental, non-homestead, commercial/industrial, vacant). The lowest rate is for homestead property, with significantly higher rates for seasonal-recreation, vacant, and commercial/industrial property.

Tax Levy - The sum to be raised by general taxation, for specific purposes, as delineated in the Tax Levy Ordinance upon the taxable properties within the jurisdiction and corporate limits of the City.

Taxes - Compulsory charges levied by a government for the purpose of financing services performed for the common benefit of the people. Taxes for this city include property, sales, tourism, and charitable gambling.

Truth in Taxation - A set of procedures adopted by the 1989 Minnesota Legislature intended to improve local accountability in the adoption of the budget and property tax levy of local government.

Unreserved Fund Balance - The portion of a fund's balance that is not restricted for a specific purpose and is available for general appropriation.

User Charges - The payment of a fee for direct receipt of a public service by the party who benefits from the service.



Capital Improvements



ABOUT THIS SECTION OF THE APPENDIX

This section of the Appendix presents a summary of the 2007 Capital Budget and the 2008 through 2011 Capital Improvement Plan, as well as the Capital Equipment Budget and Plan. The details of all capital projects and equipment is produced under separate cover and may be obtained from the Budget Office or viewed online at http://www.ci.duluth.mn.us/city/finance

INTRODUCTION

The City of Duluth's Capital Improvement Plan (CIP) is a plan for the development and maintenance of the city's "physical plant" covering items thought of as infrastructure - street, water, gas and sewer lines, bridges etc., as well as city facilities and property. Also included in this plan is the city's rolling stock equipment plan and budget, and the capital outlay budget. Items not included in the CIP at this time are non-street Community Development Block Grant projects, new development, Duluth Economic Development Authority projects, or projects from Spirit Mountain, Duluth Transit Authority, Duluth Airport, or the Duluth Entertainment and Convention Center.

The City's Capital Improvement Budget and Plan addresses current and future improvements to the City's infrastructure, facilities, and properties by combining elements of both budgeting (current year needs) and planning (five year plan). The purpose of the CIP is twofold; first, to prioritize and fund the most urgent needs in the coming year's budget; and secondly, to identify future capital needs with sufficient lead time so decisions may be made to our best advantage. This section presents a summary of the 2007 Capital Budget and the 2008 through 2011 Capital Improvement Plan, as well as the Capital Equipment Budget and Plan.

CAPITAL IMPROVEMENTS BUDGET SUMMARY

2007 Proposed Improvements

The 2007 Capital Improvement Budget outlines projects funded in the Capital Projects Funds of Special Assessments, Permanent Improvement, Capital Improvement and Street Improvement. Also included are projects for the Water, Gas, Sewer, and Stormwater utilities. The total proposed budget is \$24,363,700 consisting of an array of projects and funding sources.

Capital improvements funded by the General Fund for 2007 total \$600,000, which will be supplemented by a \$1,210,000 capital improvement bond for a combined total program of \$1.81 million. \$120,000 of Tourism Tax reserve will be used to fund a project at the zoo.

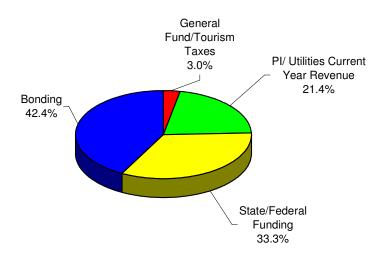
The Neighborhood Street Improvement Program totals \$3.6 million and for the first time includes \$600,000 for the new Street Preservation Program. The program will target streets that are in moderate to fair condition to extend their useful life. Other infrastructure projects total \$18,927,400 and are funded with various sources including state and federal funding, permanent improvement funds, special assessments and all four utilities.

The funding breakdown for the participating utilities is as follows. The Gas Utility is proposing a total of \$600,000 funded from current year revenue. The Stormwater Utility will also make improvements from current year revenue in the amount of \$1.167 million. The Sewer Utility is proposing to fund \$2,804,000 from bond sales with an additional \$1,575,300 in current year revenue for a total capital program of \$4,379,300. The Water Utility will fund \$3,000,000 in bonds and \$1,339,800 from current year revenues for a total of \$4,339,800 in improvements.

The following graph illustrates the breakdown of the 2007 Capital Budget by funding source. For specific project detail, please refer to the sections following this introduction.

2007 Capital Improvement Funding Sources

General Fund/Tourism Taxes



General Fund/Tourism Taxes	\$	720,000
PI/ Utilities Current Year Revenue		5,204,200
State/Federal Funding		8,121,300
Bonding	_1	0,318,200
Total Funding	\$ 2	24,363,700

Five Year Improvement Plan

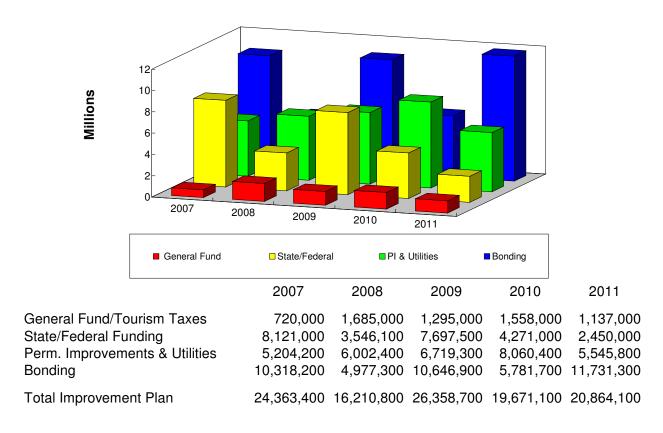
The City has identified \$107.468 million in improvements, along with funding sources over the course of the next five years. Of that total, \$18.4 million is for the Neighborhood Street Improvement Program; \$21.16 million in annual infrastructure programs; \$55.41 million in other infrastructure capital projects; and \$6.275 million for general fund supported projects, supplemented by an additional \$6.1 million in capital improvement bonds; and \$120,000 in tourism tax projects.

The proposed five year improvement plan is balanced against available resources, with funding sources identified for the entire list of improvements totaling \$107.468 million. The General Fund contribution will total \$6.275 million over the five year period. In addition, state legislation now allows the City to bond for certain types of improvements that in the past have been financed with General Fund dollars. The City proposes \$1.21 million for 2007 followed by bonds of \$1.23 to \$1.22 million for these capital improvements each year after, for a five year total of \$6.1 million. Other sources of funding for capital projects include property tax dollars levied in the Permanent Improvement Fund for street and assessment projects totaling \$1.745 million over the five years. The Utility Funds will finance \$29.79 million utilizing current year operating revenues, with an additional \$20.95 million to be financed with bond proceeds over the five year period for a five year total of \$50.74 million in improvements for the utility funds.

In addition to the \$27 million in bonded projects listed above, the City plans to bond \$11.15 million for the Neighborhood Street Improvement Program and \$5.25 million for Special Assessments, for a total of \$16.4 million.

State funding is available for infrastructure projects, in the form of municipal state aid, state bonding, and turnback dollars for a five year total of \$22.53 million. Federal funding in the amount of \$3.56 million is also part of the five year plan, in the form of enhancement/general dollars and Community Development Block Grant money to be used for streets and infrastructure.

Five Year Capital Improvements Program by Funding Source



2007 CAPITAL IMPROVEMENTS PROGRAM FUNDING SOURCES

	CIP Bond	General/ Tourism	PI	State	Federal	SIP/SA Bond	Water Revenue	Water Bond	Gas Revenue	Sewer Revenue	Sewer Bond	Storm Revenue	Total
CAPITAL IMPROVEMENT BOND Building Safety Remodel City Hall Building Access (ADA) City Hall Retaining Wall and Stair repair Emergency All Hazard Sirens Finance Department Remodeling Firehall \$1 &7 Overlays Firehall #5 Remodeling or Relocation Library Remodeling Maintenance Facility - East Duluth	10,000 35,000 100,000 250,000 80,000 15,000 120,000 200,000 400,000												10,000 35,000 100,000 250,000 80,000 15,000 120,000 200,000 400,000
Capital Improvement Bond Total	1,210,000												1,210,000
GENERAL FUND SUPPORT City Building Roofing Package Lakewalk East Extension Multipurpose Court Resurfacing Pedestrian Bridge Repairs Wade Stadium Improvements Zoo - Polar Shores General Fund Total		100,000 100,000 20,000 100,000 80,000 200,000											100,000 100,000 20,000 100,000 80,000 200,000
TOURISM TAX RESERVE Zoo Tiger Deck Repairs Tourism Tax Total		120,000											120,000
UTILITY FUNDS Garfield Site Improvements SCADA Improvements Sewer Lift Station Safety Improvements							120,000 125,000		40,000 150,000	120,000 75,000 100,000		120,000	400,000 350,000 100,000
Utility Funds Total							245,000		190,000	295,000		120,000	850,000

2007 CAPITAL IMPROVEMENTS PROGRAM FUNDING SOURCES

	CIP Bond	General/ Tourism	PI	State	Federal	SIP/SA Bond	Water Revenue	Water Bond	Gas Revenue	Sewer Revenue	Sewer Bond	Storm Revenue	Total
ANNUAL INFRASTRUCTURE PROGRAM Downtown Brick Restoration Gas Main Extensions and Services Gas Main Relocations & Line Stopple Projects Manhole Adjustments Meter Set Painting Patch and Sidewalk Program			60,000			20,000	280,000		250,000 50,000 40,000 20,000	50,000 50,000		50,000 30,000	100,000 250,000 50,000 100,000 40,000
Permanent Improvement Program Pump and Lift Station Improvements Sanitary Sewer Reline Special Assessment Projects - Miscellaneous Storm Sewer Repair & Replacement Program Water Main Loop Construction Water Main Replacements Water Reservoir Improvements/Security			100,000			300,000	25,000 150,000 360,000			335,000 500,000		550,000	100,000 335,000 500,000 300,000 550,000 25,000 150,000 360,000
Annual Infrastructure Total			260,000			320,000	815,000		360,000	935,000		630,000	3,320,000
ST. IMPROVEMENT & CAPITAL PROJECTS Street Improvements - Neighborhood Projects Coffee Creek Sediment Trap Lake Avenue Skywalk Lakeside/Endion Sanitary Sewer Storage Miller Creek Sediment Trap Oxford Street Bridge L9419 Seven Bridges Road TH 53/Miller Trunk Highway West Michigan Street West Duluth Reservoir 14th Avenue East 26th Avenue West 27th Avenue West			50,000 112,100 100,000	800,000 840,000 400,000	256,300	2,984,200	204,800 50,000 25,000	3,000,000	50,000	320,300 decision	2,804,000	117,000 150,000 150,000	3,626,300 150,000 966,000 5,608,000 150,000 310,000 368,400 800,000 940,000 3,000,000 450,000 1,545,000 350,000
Capital Projects Total			262,100	7,865,000	256,300	2,984,200	279,800	3,000,000	50,000	345,300	2,804,000	417,000	18,263,700
GRAND TOTALS	1,210,000	720,000	522,100	7,865,000	256,300	3,304,200	1,339,800	3,000,000	600,000	1,575,300	2,804,000	1,167,000	24,363,700

2007 - 2011 CAPITAL IMPROVEMENTS PROGRAM SUMMARY OF ALL FUNDS

_	2007	2008	2009	2010	2011	TOTAL
Capital Improvement Bond						
Building Safety Remodel	10,000					10,000
City Hall Building Access (ADA)	35,000					35,000
City Hall Retaining Wall & Stair repairs	100,000					100,000
Emergency All Hazard Sirens	250,000					250,000
Finance Department Remodeling	80,000					80,000
Firehall #1 & 7 Overlays	15,000	20,000				35,000
Firehall #5 Remodeling or Relocation	120,000	330,000				450,000
Library Remodeling	200,000					200,000
Maintenance East Duluth Storage Facility	400,000	75.000				400,000
Arlington Maintenance Building		75,000				75,000 20,000
Firehall Overhead Door Replacement Firehall Ventilation Systems		20,000 20,000				20,000
Firehall #1 Masonry Repair		100,000				100,000
Firehall #10 Remodeling		175,000				175,000
Firehall #11 Roof Replacement/Interior Repair		100,000				100,000
Firehall #7 Window & Brick Repair		40,000				40,000
Lund Mtce Facility Improvements		50,000				50,000
Salt/Sand Storage 40th Avenue West		200,000				200,000
Security Fencing 40th - 42nd		50,000				50,000
Surface Water Mgmt 40th-42nd		50,000				50,000
City Hall HVAC			1,220,000	1,220,000	865,500	3,305,500
Firehall Carpet Replacement					54,000	54,000
Firehall #2 Repair/Remodel					90,500	90,500
Firehall #4 Window Replacement & Driveway Overlay					60,000	60,000
Police 1st Floor Remodeling					150,000	150,000
CAPITAL IMPROVEMENT BOND TOTAL	1,210,000	1,230,000	1,220,000	1,220,000	1,220,000	6,100,000
Command Bassassa						
Current Revenue						
General Fund Support City Building Roofing Package	100,000	100,000	100,000	100,000	100,000	500,000
Lakewalk East Extension	100,000	200,000	300,000	100,000	100,000	600,000
Multipurpose Court Resurfacing	20,000	20,000	20,000	20,000	20,000	100,000
Pedestrian Bridge Repairs	100,000	20,000	20,000	20,000	20,000	100,000
Wade Stadium Field Improvements	80,000	115,000				195,000
Zoo- Polar Shores	200,000	•				200,000
Athletic Field Improvements		50,000	25,000	25,000	25,000	125,000
Baywalk/Harbor Drive Link (Design)		25,000				25,000
Citywide Building Access (ADA)		100,000	100,000	100,000	100,000	400,000
Cross City Trail		50,000	150,000	428,000	762,000	1,390,000
Grassy Point Natural Area Trails		50,000				50,000
Lester Park Hiking Trail Bridge Repair		30,000	30,000			60,000
Longview Tennis Facility		30,000				30,000
Merritt Recreation Improvements		100,000				100,000
Park Point Rec Center Improvements		150,000				150,000
Parking Lots (resurface)-Woodland, Piedmont		30,000				30,000
Pedestrian Bridge Painting Playground Apparatus Replacement		75,000 40,000	30,000	30,000	30,000	75,000 130,000
Portman Recreation Center Improvements		170,000	50,000	30,000	30,000	170,000
Soccer Field Improvements		30,000	50,000	50,000	50,000	180,000
Viking Ship		180,000	20,000	23,000	30,000	180,000
Zoo Australian Ponds		40,000				40,000
Zoo - Griggs Learning Center Roof Replacement		60,000				60,000
Zoo Pathways		30,000				30,000
Zoo Fencing		10,000				10,000

2007 - 2011 CAPITAL IMPROVEMENTS PROGRAM SUMMARY OF ALL FUNDS

	2007	2008	2009	2010	2011	TOTAL
Cross Country Ski Trail Lighting			70,000			70,000
Observation Park Improvements			110,000			110,000
Zoo - Nocturnal Building			50,000			50,000
Zoo Kingsbury Creek Retaining Wall			100,000			100,000
Zoo Master Plan Update Zoo Pavilion			30,000 80,000			30,000 80,000
Zoo Stone Bridge Repair			50,000			50,000
Enger Tower			00,000	130,000		130,000
Lester Park Restroom/Parking				200,000		200,000
Piedmont Recreation Center Improvements				120,000		120,000
Playfront Playground Replacement				150,000		150,000
Wheeler Field Parking				100,000		100,000
Woodland Fast Pitch Complex Improvements Youth Ballfield Lighting				45,000		45,000 60,000
Central Hillside Comm. Club				60,000	50,000	50,000
GENERAL FUND SUPPORT TOTAL	600,000	1,685,000	1,295,000	1,558,000	1,137,000	6,275,000
Tourism Tax Reserve						
Zoo Tiger Deck Repairs	120,000					120,000
TOURISM TAX RESERVE TOTAL	120,000					120,000
Utility Funds						
Garfield Site Improvements	400,000	175,000				575,000
SCADA Improvements	350,000	150,000				500,000
Sewer Lift Station Safety Improvements	100,000					100,000
UTILITY FUNDS TOTAL	850,000	325,000				1,175,000
Annual Infrastructure Programs					İ	
Downtown Brick Restoration	100,000	100,000	100,000	100,000	100,000	500,000
Gas Main Extensions and Services	250,000	250,000	250,000	250,000	250,000	1,250,000
Gas Main Relocations & Line Stopple Projects	50,000	50,000	50,000	50,000	50,000	250,000
Manhole Adjustments	100,000	100,000	100,000	100,000	100,000	500,000
Meter Set Painting Patch and Sidewalk Program	40,000 460,000	42,000 460,000	45,000 460,000	48,000 460,000	48,000 460,000	223,000 2,300,000
Permanent Improvement Program	100,000	100,000	100,000	100,000	100,000	500,000
Pump and Lift Station Improvements	335,000	922,500	1,050,000	969,000	1,100,000	4,376,500
Sanitary Sewer Reline	500,000	500,000	600,000	600,000	600,000	2,800,000
Special Assessment Projects - Miscellaneous	300,000	300,000	300,000	300,000	300,000	1,500,000
Storm Sewer Repair & Replacement Program	550,000	550,000	550,000	550,000	550,000	2,750,000
Water Main Loop Construction	25,000	25,000	25,000	25,000	25,000	125,000
Water Main Reline Water Main Replacements	150,000	200,000	200,000	200,000	200,000	800,000
Water Reservoir Improvements/Security	150,000 360,000	500,000 150,000	500,000 75,000	1,100,000 50,000	300,000 100,000	2,550,000 735,000
Annual Infrastructure Programs Total	3,320,000	4,249,500	4,405,000	4,902,000	4,283,000	21,159,500
Street Improvement Program	000 000	000 000	000 000	000 000	000 0001	0.000.000
Street Preservation	600,000	600,000	600,000	600,000	600,000	3,000,000
Duluth Heights West Lakeside Central West	1,058,100 1,968,200				[1,058,100 1,968,200
Congdon Park West Lower 4	1,000,200	1,032,600			[1,032,600
Duluth Heights Southeast 4		988,400				988,400
Fairmont North		748,800				748,800

2007 - 2011 CAPITAL IMPROVEMENTS PROGRAM SUMMARY OF ALL FUNDS

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2nd Street at 13th Bridge 93402 676,000 676	0,000
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43rd Avenue East 900,000 900	0,000
Bristol Street Bridge L8485 300,000 300	0,000
Woodland Avenue 1,360,000 1,360	
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Glenwood St 34th to 60th Avenue East 200,300 200 Glenwood St - Jean Duluth to 54th East 2,025,000 2,025	
	0,000,
· ·	0,000
Capital Projects Total 14,637,400 4,892,000 15,551,000 7,571,000 11,581,300 54,232	2,700
GRAND TOTALS 24,363,700 16,210,800 26,358,700 19,671,100 20,864,100 107,468	3,400

5 YEAR CAPITAL IMPROVEMENTS PROGRAM BY FUNDING SOURCE

_	2007	2008	2009	2010	2011	TOTAL
Capital Improvement Bond	1,210,000	1,230,000	1,220,000	1,220,000	1,220,000	6,100,000
General Fund - Current Year Revenue	600,000	1,685,000	1,295,000	1,558,000	1,137,000	6,275,000
Tourism Taxes - Prior Year Reserve	120,000					120,000
Permanent Improvement Fund	522,100	310,000	343,000	310,000	260,000	1,745,100
Utilities - Current Year Revenue Water Gas Sewer Stormwater	1,339,800 600,000 1,575,300 1,167,000	2,207,900 742,000 1,474,900 1,267,600	2,423,100 373,200 1,492,600 2,087,400	3,050,400 381,000 2,490,300 1,828,700	2,065,900 372,800 1,564,400 1,282,700	11,087,100 2,469,000 8,597,500 7,633,400
Utilities - Bonding Water Sewer	3,000,000 2,804,000	500,000	6,000,000	650,000	8,000,000	3,000,000 17,954,000
Federal Enhancement/General CDBG	256,300 0	1,827,000 144,100	1,200,000 129,500	0	0	3,283,300 273,600
State Funding MSA Turnback State Bonding	2,563,500 1,590,000 3,711,500	1,490,000 0 85,000	2,776,000 840,000 2,752,000	3,255,000 0 1,016,000	2,375,000 0 75,000	12,459,500 2,430,000 7,639,500
Street Improvement Bonds	2,238,200	2,302,600	2,359,900	2,663,900	1,586,900	11,151,500
Special Assessment Bonds	1,066,000	944,700	1,067,000	1,247,800	924,400	5,249,900
TOTAL ALL FUNDING SOURCES	24,363,700	16,210,800	26,358,700	19,671,100	20,864,100	107,468,400



Capital Equipment



CAPITAL EQUIPMENT BUDGET SUMMARY

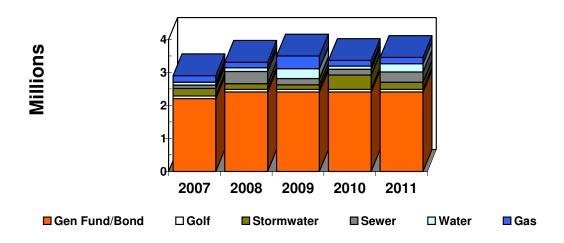
2007 Proposed Equipment

The City is proposing a total of \$2,799,000 in capital equipment expenditures for 2007. This includes equipment for General Fund operating departments, Water, Gas, Stormwater, Sewer, and Golf. Funding includes \$1,950,000 in bonds and \$260,000 in current year revenue for the General Fund's equipment, and \$589,000 in current year revenue for the utilities and Golf.

Five Year Equipment Plan

The objective of the City's five year equipment plan is to maintain city equipment by budgeting an adequate dollar amount annually for replacement on a timely basis. Over the five years, the total for the General Fund is \$16,236,000 for both rolling and non-rolling stock equipment. The City will continue to bond for rolling stock equipment, for a five year total of \$9,550,000. For 2007, the City is proposing to bond for \$200,000 in non-rolling stock equipment for several technology projects including upgrading servers, replacing equipment in the Council Chambers and at the library, and a \$100,000 communication system for public safety. In addition, there is \$260,000 out of current year revenues for the balance of the non-rolling stock equipment budget.

The Golf Fund is proposing a flat \$35,000 per year for equipment purchases which complements an equipment lease program. The utilities equipment plan over the five years totals \$4,211,000 with \$1,184,400 proposed in the Stormwater Fund; \$1,120,600 in the Sewer Fund; \$812,900 in the Water Fund; and \$1,093,100 in the Gas Fund. The funding source for all utility purchases will be each respective fund's current year revenue, with no bonding proposed.



	2007	2008	2009	2010	2011
General Fund/Bond	2,210,000	2,410,000	2,410,000	2,410,000	2,410,000
Golf	35,000	35,000	35,000	35,000	35,000
Stormwater	225,000	174,000	139,000	432,400	214,000
Sewer	83,000	367,000	185,000	173,600	312,000
Water	49,600	113,400	301,700	100,000	248,200
Gas	196,400	161,600	382,300	164,000	188,800
Total Equipment Plan	2,799,000	3,261,000	3,453,000	3,315,000	3,408,000

2007 - 2011 CAPITAL EQUIPMENT ROLLING STOCK PROPOSALS

Department/Description	2007	2008	2009	2010	2011
General Fund - Rolling Stock Equipment Administrative Services					
Van	35,000		30,000	30,000	
Utility Truck		30,000			30,000
Subtotal Administrative Services	35,000	30,000	30,000	30,000	30,000
Fire Department					
Trucks/Squads	105,000	35,000			
Firetruck Apparatus	105.000	320,000	625,000	325,000	650,000
Subtotal Fire Department	105,000	355,000	625,000	325,000	650,000
Police Department					
Patrol Squads	600,000	600,000	600,000	600,000	600,000
Subtotal Police Department	600,000	600,000	600,000	600,000	600,000
Library Department					
Delivery Vehicle					30,000
AWD Cargo Van	25,000				
Subtotal Library Department	25,000				30,000
Parks and Recreation					
Sr. Programs Van	50,000		55,000		
1 ton truck w/trailer hitch	45,000				
Zoo Utility Vehicle		15,000		18,000	
Zoo Van	05.000	28,000	FF 000	10.000	
Subtotal Parks and Recreation	95,000	43,000	55,000	18,000	0
Public Works Department					
Pickup Trucks/Vans	188,000	32,000			32,000
Dump Trucks	470.000	127,000	00.000	127,000	400.000
1 Ton Trucks Large Loader	176,000 110,000	41,000	82,000 110,000	82,000	123,000 110,000
Aerial Bucket Truck	175,000		110,000		110,000
Highway Mower	75,000				33,000
Loader/Skid Steer	35,000	40,000		35,000	35,000
Tractor Loaderw/snowblower	60,000	10,000		00,000	00,000
Sanding Trucks	,	565,000	420,000	706,000	
Flusher					142,000
Small Trailers	11,000	11,000			
Blacktop Trailer (2)		46,000			
Tractor Mower	34,000	16,000		16,000	16,000
All Terrain Utility Vehicle	26,000	26,000	28,000	11,000	26,000
Chipper		10.000			
Air Compressor		18,000			20,000
Forklift Power Roller					30,000 20,000
Sidewalk Cleaner					53,000
Stump Cutter					20,000
Subtotal Public Works	890,000	922,000	640,000	977,000	640,000
General Fund Rolling Stock Total	1,750,000	1,950,000	1,950,000	1,950,000	1,950,000

2007 - 2011 CAPITAL EQUIPMENT ROLLING STOCK PROPOSALS

Department/Description	2007	2008	2009	2010	2011
Enterprise Funds - Rolling Stock Equipment Golf Fund					
Various Mowers/Utility Equip	35,000	35,000	35,000	35,000	35,000
Subtotal Golf	35,000	35,000	35,000	35,000	35,000
Water Fund					
Cars/Pick-ups	4,000	22,000	17,500	2,800	85,600
Trucks/Vans	14,000	19,600	14,000	5,600	19,600
Large Service Trucks	6,200	49,800	62,200	84,400	69,000
Backhoe/Loader	19,000		57,000		
Other Rolling Stock	6,400	22,000	151,000	7,200	74,000
Subtotal Water	49,600	113,400	301,700	100,000	248,200
Gas Fund					
Cars/Pick-ups	16,000	16,000	74,500	25,200	78,400
Trucks/Vans	70,000	64,400	42,000	50,400	64,400
Large Service Trucks	24,800	33,200	20,800	83,600	46,000
Backhoe/Loader	76,000		38,000	-	
Other Rolling Stock	9,600	48,000	207,000	4,800	
Subtotal Gas	196,400	161,600	382,300	164,000	188,800
Sewer Fund					
Cars/Pick-ups					
Trucks/Vans	83,000	92,000			
Large Service Trucks	•	,	127,000	110,000	
Vactors		275,000	•		275,000
Other Rolling Stock			58,000	63,600	37,000
Subtotal Sewer	83,000	367,000	185,000	173,600	312,000
Stormwater Fund					
Cars/Pick-ups		32,000			
Trucks/Vans	83,000	02,000		127,000	
CCTV Van	00,000		110,000	127,000	
Vactors			110,000	275,000	
Street Sweeper	142,000	142,000		_, 0,000	
Other Rolling Stock			29,000	30,400	214,000
Subtotal Stormwater	225,000	174,000	139,000	432,400	214,000
Enterprise Funds Rolling Stock Total	589,000	851,000	1,043,000	905,000	998,000
GRAND TOTAL - ALL ROLLING STOCK	2,339,000	2,801,000	2,993,000	2,855,000	2,948,000

2007 Capital Outlay - Non-Rolling Stock Equipment Proposal General Fund and Bond Fund

General Fund Equipment	2007 Proposed	Department Total
Various Departments Computer Replacements/Other Tech Equipment Total	nt <u>125,000</u>	125,000
Police Department Equipment Department Total	10,000	10,000
Administrative Services Department Equipment Department Total	10,000	10,000
Library Department Equipment Department Total	15,000	15,000
Parks and Recreation Department Equipment Department Total	15,000	15,000
Public Works CCTV System Update for Aerial Bridge Traffic Controller Cabinets/Upgrades Department Total	23,000 62,000	85,000
Total General Fund Support Non-Rolling Stock Equipme	nt	260,000
Bond Fund Equipment Management Information Systems (MIS) Server Replacement Storage Area Network Project Additional 911 Equipment (Mandated) Council Chambers Equipment Upgrade Department Total	12,000 30,000 12,000 24,000	78,000
Fire Department Communication System Replacement	100,000	100,000
Library Department Server Replacements and Upgrades	22,000	22,000
Total Bond Fund Support Non-Rolling Stock Equipment		200,000
TOTAL 2007 CAPITAL OUTLAY NON-ROLLING STOCK P	ROPOSAL	460,000